THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Which Way Manchuria

By Edgar Snow

(Special Correspondent, China Weekly Review)

Russian Ultimatum to China on Seizure of C.E.R.

Kingsbury on "Die-Hards" and the "Shanghai Mind"

Development of China's Shipping Industry

By Paul K. Whang

The Fight Over Extraterritoriality at Amsterdam

New Chinese Motor-Bus Lines at Shanghai

By B. Y. Lee

密勒氏評論報

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1929 AUGUST 1929

SUN	MON	TUE	WED	THU	FRI	SAT
Fortnightly Sailings to San Francisco and Los Angeles via Honolulu on Fridays	Fortnightly Sailings to Seattle & Victoria on Saturdays	Reduced Summer Round Trips Fares To Japan	Weekly Sailings To Hongkong Manila on Wednesdays	1 *	PRES. JEFFERSON To San Francisco 2 and Los Angeles via Honolulu	3
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25	26	27 *	PRES. JACKSON To H'kong & Manila 28	29 *	PRES. MADISON To San Francisco 30 and Loss Angeles via Honolulu	31

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Formerly Millard's Review

中華國成時代勝過五年之明燈

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THE SAN FRANCISCO OPIUM SMUGGLING SCANDAL

THE ARREST of Mrs. Kao Ying, wife of the Chinese Vice-Consul at San Francisco, on a charge of attempting to smuggle a large quantity of opium into the United States, has been about as embarrassing to the Chinese authorities as was the arrest and conviction two years ago of the United States District Attorney at Shanghai on a charge of accepting a bribe in an opium case. Leonard Husar, the former American official at Shanghai is now serving a term in the penitentiary for his crime, hence there is hope that the Chinese and American Governments will go to the bottom of the recent San Francisco smuggling case. Obviously, a Chinese Vice-Consul could not have sufficient money to handle such a large opium smuggling transaction, hence every possible effort should be made to find and prosecute the promoters of the deal who may be highly-placed foreigners or Chinese or both with ramifications on both sides of the Pacific. The attempt of Mrs. Kao Ying to smuggle opium into the United States and the acceptance of a bribe by the former American District Attorney here in a similar case, are but outward manifestations of a widespread trafficking in opium and other narcotics that constitutes a world problem. Volumes have been written on the subject and a reprint of the proceedings of the various opium and narcotics conferences at Geneva would fill a large library, but despite all the talk, the business of producing and selling dope proceeds without much hindrance. Here in China various anti-opium organizations are making a feeble effort to educate the people away from the drug habit, but the effort has little effect because none of the governments, whose nationals are interested in the business, have any real desire to eliminate the evil. A few weeks ago the Chinese National Anti-Opium Association published statistics showing the operations of the Japanese "dope ring" in the Japanese Concession at Tientsin, while here at Shanghai the opium and narcotics business, operated by foreigners and Chinese within the foreign concessions, probably exceeds the turn-over of the gambling industry, which runs to more than $5,000,000 monthly. Then as one proceeds south, we find the Japanese operating an opium monopoly in Formosa; Portuguese at Macao; Great Britain at Hongkong; North Borneo, Straits Settlements, Singapore, India, etc.; the French in Indo-China and the Dutch in the East Indies. The Philippine Islands are the only territory in the Far East where there is not a government-sup-

ported opium monopoly but due to the fact that the Philippines are surrounded on almost all sides by opium producing and selling territories, it is practically impossible to prevent the smuggling business there. While it is a most serious matter for a diplomatic official of the Chinese Government to be involved in an opium smuggling enterprise, the publicity should have some effect in causing Nationalist officials generally to pay serious attention to the matter of suppression. A few months ago it was brought out that two military, or to be exact, one military and one naval official of the Government were notorious opium-smokers, but while there was much publicity, the incident was smoothed over and both officials are still holding positions in the Government. That Far Eastern Governments and colonial administrations do not make any serious move to eradicate the opium and narcotics business is due to the fact that it is controlled by influential persons and the governments themselves derive large revenues from the industry in the form of taxes.

FIGHT OVER EXTRALITY DEADLOCKED AT AMSTERDAM

THE FIGHT between Chinese delegates and the foreign chamber of commerce in Shanghai at the conference of the International Chamber of Commerce at Amsterdam last week, seems to have ended in a complete deadlock, according to reports which appeared in the Chinese newspapers this week. What seems to have happened is that the Chinese delegation introduced a strong resolution advocating the abolition or alteration of the so-called unequal treaties and extraterritoriality. On the other hand the foreign chamber of commerce in Shanghai, including the American, British, French, Japanese and other chambers, introduced a counter resolution calling for the retention of consular jurisdiction, the reduction of Chinese taxation and the liquidation of old financial obligations. According to a report appearing in the *Sin Wan Pao* on July 13, the subject of China's reconstruction came up for consideration on Wednesday, July 10, when the opposing resolutions of the Chinese delegation and the Shanghai foreign chambers of commerce were introduced. After a thorough debate the International Chamber decided to reject both resolutions; the Chinese resolution being rejected because of its political nature and the resolution introduced by the foreign chamber of commerce, because the Chinese delegates threatened to walk out of the meeting if it was approved by the delegates. The report in the *Sin Wan Pao* stated that as soon as the Chinese National Chamber of Commerce here learned of the resolution which had been forwarded to the Amsterdam meeting by the foreign chambers in Shanghai, a strong telegram was sent to the Chinese delegation instructing them to oppose the adoption of the resolution even to the extent of withdrawing from the meeting. The result was a number of strong speeches by the Chinese delegates, Ping Wen, Liang Lone and Hsia Chi-fang, following which the foreign chambers' resolution was withdrawn. Owing to the lack of any official announcement, there has been considerable mystery regarding the origin of the resolution proposing a continuance of extraterritoriality which was sent to the conference of the International Chamber at Amsterdam, but according to report it originated with the Shanghai (foreign) General Chamber of Commerce which has its office in the *North-China Daily News* building and the secretary of which is R. N. Swann whose name has been mentioned prominently in the trial of Eugene Pick now proceeding in the Chinese Provisional Court. Pick recently declared in court that Mr. Swann is the head of the British Political Intelligence Service in Shanghai. According to the last edition of the *North-China Hong Book* (city directory) the Committee of the General Chamber is composed of the following:

V. G. Lyman, American (chairman, also member Municipal Council)
E. T. Byrne, British
J. Cochet, French
B. C. M. Johnston, British
C. C. Knight, British
H. W. P. McMeekin, British
J. A. J. W. Nieuwenhuys, Dutch
A. J. S. Parkhill, British
R. J. Paterson, British
T. Saito, Japanese
O. G. Steen, American (now in America)
J. R. Weeks, British
R. N. Swann, British (secretary).

But while the resolution proposing a continuance of extraterritoriality was rejected, China was given considerable advice along the line of paying her debts and setting her house in order, the following report by *Reuters* giving a summary of the proceedings.

Amsterdam, July 10.

The chief topic to-day at the session of the Congress of the International Chamber of Commerce was the economic reconstruction of China and the prospects of future loans.

Mr. Thomas W. Lamont, the well-known New York banker and chief of the American delegation, thanked the Chinese delegates for coming half way round the world to participate, for the first time, in the proceedings of the Congress.

Credit at Low Ebb

He warned them that the International credit of China was at a low ebb and no large loans could be made in New York or Europe till the Chinese took careful measures in re-establish their financial and political stability.

He laid stress upon the fact that a great part of the foreign indebtedness to China is in default and that much of the security earmarked for the service of Chinese loans had been sequestered. All holders of Chinese loans, he emphasized, irrespective of their nationality, must receive equal and fair treatment.

Mr. Lamont expressed the confidence of the International Chamber of Commerce in the aims and aspirations of the Chinese Government, and the faith of the Chamber in the ultimate achievement of those aims. He added that the International Chamber of Commerce sincerely desired to assist in the re-construction of China, where a stable government seemed at last to be established.

Put House in Order

The President of the Chamber, Mr. Pirelli, earnestly pleaded with China to set her house in order.

He said it was extremely difficult for them to understand conditions in China. They frequently received news of military movements, which caused great concern to well-wishers of China, but they were confident military feudalism would definitely disappear. Mr. Pirelli said that the Chamber was glad to learn that a Chinese International Committee, representative of all the economic forces in China, would be formed to collaborate with the International Chamber of Commerce. If the present Congress succeeded in attaining mutual knowledge, understanding must follow, and they would certainly succeed in establishing mutual friendship.

Referring to China's internal trade, Mr. Pirelli remarked that the day when the interior is opened up to direct contact with other countries by improvements in transport and communications, and China was really able to play her part in the world's busi-

ness, would be a day full of promise—for the progress of mankind.

National Reorganisation

The International Chamber of Commerce, he said, believed, with Dr. Sun Yat-sen, that the primary force of human evolution was co-operation, not struggle. Therefore, the International Chamber of Commerce had decided to offer the industrial, commercial, financial organisations and business-men of China its services in their efforts for national and economic re-organisation.

Sir Arthur Balfour, Vice-President of the Chamber, said that the British delegation associated itself very warmly with the welcome accorded to the Chinese delegation. They felt the greatest gratification at the enlarged opportunity afforded by the presence of the Chinese delegation, and they felt privileged in sharing the laying of the foundation-stone of a new and inspiring wing in the great edifice which the International Chamber of Commerce had already become.

Memorable Occasion

The entrance to China, he said, with her four hundred million people and her immense economic potentialities, was a memorable occasion.

The British delegation, continued Sir Arthur Balfour, had been impressed by the outline of financial policy given by Mr. Chang Kiang-au, who had declared that the National Government intended to refrain from inviting foreign loans for administrative purposes until they had reorganised the various sources of revenue already at their disposal.

Since Mr. Chang Kiang-au himself had referred to the subject, Sir Arthur Balfour remarked he felt at liberty to say how great was the importance attached by friends of China to the work of financial reorganisation being really given the attention which was desirable. He declared that nothing was calculated to give the world a better impression of the constructive capacity of the new regime in China, than a really efficient co-ordination and use of her revenues, which alone are capable of carrying China far along the road of financial rehabilitation. Such rehabilitation, however, must proceed from within and must obviously be the work of the Chinese themselves.

Convictions of Delegates

The evolutionary changes in China, he continued, had not only their sympathy, but their hope, which was a much more vital sentiment. They agreed with the Chinese in thinking that the framework on which their foreign trade had hitherto been conducted required alteration. They welcomed the alteration already made in connection with the tariffs and were in accord with the intention already expressed by the British Government regarding other changes. They had already noted the unmistakeable unanimity and conviction of the Chinese delegates on these matters, and their views would receive the most careful attention.

Period of Transition

In conclusion, Sir Arthur Balfour expressed the opinion that the outcome of the present period of transition could not be regarded otherwise than with the serenest confidence.

The spokesman of the Chinese delegation urged that the time had arrived for the abolition of the so-called "unequal" treaties and extra-territoriality.

Finally, the plenary session passed a resolution welcoming the participation of the Chinese delegation, declaring they would organise a National Committee of commercial, industrial and banking forces in China, expressing appreciation of the important part Chinese businessmen could play in the further economic development of China, and in co-operation in connection with international relations.

SHANGHAI TELEPHONE WORST ADVERTISEMENT IN ASIA

IT WOULD REQUIRE an entire edition of *The Review* to reprint all of the bad things which have appeared in the correspondence columns of the Shanghai newspapers in the past two or three weeks regarding the inefficient telephone service in this city, said correspondence having been inspired by the recent attempt of the Shanghai Mutual Telephone Company to change its system of charging customers. In the past, the telephone company has charged telephone users on a flat rate basis regardless of the number of calls over the individual telephones. Now the company would change the system to a "call-charge" method, whereby a record would be kept in the head office and customers charged on the basis of the number of calls made. On the face of things the "call-charge" scheme would seem to be more equitable than the old flat-rate system, but without having looked into the matter very closely, we imagine that the telephone company has figured out that the new system would bring in more revenue. In other words, those who pay the minimum flat-rate now, probably would not obtain any lower rates under the new system, but those whose telephones are constantly in use probably would have to pay more than they do now. The result would be more revenue for the telephone company, which is the chief objective. Ordinarily when a public service corporation in Shanghai wants anything, the custom of the Shanghai Municipal Council has been to grant it without question. The foreign members of the Municipal Council have always been elected to the Council on the basis of their representation of special foreign interests; hence as a result of this system the telephone company has almost always had one of its agents on the Council where he could watch over the interests of the telephone company from the "inside" so to speak. It would seem, however, that the telephone company will not have such an easy time now in its scheme to put over the new system of charges, because Shanghai has about reached the limit of its patience with inefficient telephone service, particularly in view of the fact that most Chinese cities are rapidly installing new and modern services. The telephone company's chief trouble originated with its last annual report which showed quite clearly that the company's chief interest is in profits rather than good service. In other words it was shown that while handsome dividends have been paid to stockholders and exorbitant fees have been paid to directors, very little attention has been given to the employment of efficient operators. The result has been that while Shanghai has been forced to pay first-class prices for the use of telephones and in consequence the company has reaped a good profit, the service has been inefficient and generally bad. No modern city in America or Europe would have put up with such a poor telephone system, but here in Shanghai there has been no recourse because the Chinese and foreign public has no way of expressing itself through legislative or legal ways. About six years ago the telephone company announced its intentions to instal a new automatic system, but while six long years have passed, the new system has not yet been installed throughout the city. And to add insult to injury, it is now stated that the new automatic system which is being installed is an antiquated system which has been discarded elsewhere. The telephone service in Shanghai is without question the worst in all Asia and as such constitutes the worst possible advertisement for poor telephone systems, but here in Shanghai the only thing that the residents can do is wait until the Chinese obtain possession of the foreign settlements when there may be some hope of improvement, because with the Chinese Government in control of the Settlement the foreign telephone monopoly may be forced to reorganize and install modern equipment or be kicked out entirely.

KINGSBURY ON "DIE-HARDS" AND "SHANGHAI-MINDS"

ONE HATES to indulge in the favorite Shanghai pastime of talking about one of its prominent foreign residents after he has sailed for home, but since Mr. Kingsbury's interview about "die-hards" and the "Shanghai-mind" did not appear in print until after Mr. Kingsbury had sailed for home, we hope we may be pardoned for commenting. And while commenting, we first wish to call attention to the fact that Mr. Kingsbury, for five or six years prominent in the affairs of the local American Chamber of Commerce and for the past year president of that organization, sailed for home on a British ship, the C. P. R. *Empress of Russia*. We do not wish to imply by this that all Americans should be compelled to travel on American ships exclusively, but where there is an American ship available, one would think that the chairman of the American Chamber of Commerce should set a good example, particularly in view of Mr. Kingsbury's well known and oft-expressed views on the upholding of American "rights" from the standpoint of the so-called encroachments of the Chinese. Surely the upholding of American "rights" in the Far East should include patronage of American steamship lines by high officials of the American Chamber of Commerce which has relegated to itself the chief duty of protecting said American rights and privileges. But to get on with the story, Mr. S. C. Kingsbury, chairman of the American Chamber of Commerce, departed for the United States on the Canadian Pacific Steamer, "*Empress of Russia*" which sailed for Vancouver early on the morning of Saturday, July 13. On the same day, Mr. Kingsbury caused to be published in the *North-China Daily News*, the official British newspaper in Shanghai, a column-long interview in which he stated that while his trip to the United States was chiefly for business purposes, he intended to visit the National Capital at Washington for the purpose of conferring with officials of the Government as well as the United States Chamber of Commerce. Mr. Kingsbury also stated that he intended to meet Stirling Fessenden, Director-General of the Shanghai Municipal Council who is also on his way to Washington, for the purpose of conferring with officials of the Government on matters pertaining to the status of the International Settlement. Following this statement, the Chairman of the American Chamber then outlined his views on various public questions. Regarding extraterritoriality, Mr. Kingsbury stated that he was sure that this would be the first matter that Washington officialdom would question him about, "and I can only reiterate the opinion of the foreign businessmen in China, that our governments sent to China a commission which spent almost a year making an investigation of the possibilities for the abolition of exterritoriality..... We feel that the question of the abolition of extraterritoriality should be dealt with from the standpoint of the Strawn report. .....hasty action can only result in a greater straining of relations between China and foreign countries. We all feel, as persons who have invested money in China and who hope to live here for the balance of our lives, that we should like to see China unified and strong. We should like to see China take her place among the nations of the earth on a basis of equality, but equality can only be attained by achievement, not by employing propagandists. The greatest damage that has been done to China has not been done by what the young Chinese call 'die-hards' but by paid propagandists who fill the world with falsehoods which destroy the prestige abroad of the Chinese people....If China paid her defaulted debts, particularly merchant obligations, much more would be accomplished in winning the goodwill and restoring the confidence of the Powers than by the tongues of the propagandists. If the finances of the country were so unified that taxes were equitably administered, China would go a long way toward accomplishing the abolition of extraterritoriality."

Mr. Kingsbury then launched into an explanation of the terms "Die-Hard" and "Shanghai Mind" which was interesting from the standpoint of the originality of his explanation. Both of these terms, according to the chairman of the American Chamber, were originated by irresponsible propagandists in the pay of the Chinese Government, for the purpose of discrediting foreigners in China. The propagandists who originated these terms, in Mr. Kingsbury's opinion, "are not only straining Sino-American relations, but are doing untold mischief to the Chinese people by misrepresentation and exaggeration." While Mr. Kingsbury may be correct in his statement regarding the harm which the propagandists may be doing, his explanation of the origin of the terms "Die-Hard" and "Shanghai-Mind" was novel, to say the least, for the term "Die-Hard" is an ancient slang expression which has been dignified by inclusion in the edition of Webster's International Dictionary, published by G. and C. Merriam Company in 1916. The term had a meaning, nearly a quarter of a century ago, denoting "one who died impenitent," or "to die as if struggling or contending against death," or still another meaning, "to be long in dieing." We suppose there were paid-propagandists of the Chinese Government a quarter of a century ago, but we doubt whether they invented the term "die-hard" as a designation of the foreigner in China who refused to recognize that a new day had dawned in the relations of East and West, or who thought that China would always remain in a semi-colonial position from the standpoint of Great Britain and the other Powers. Turning to the other term, "Shanghai-mind" which Mr. Kingsbury also attributed to the paid-propagandists, we find this expression of more modern origin, in fact it was invented by Mr. Arthur Ransome, special correspondent for the *Manchester Guardian* who visited China on behalf of his paper in 1927 and who later wrote a book entitled, *The Chinese Puzzle*. The term, "Shanghai Mind," was used by Mr. Ransome in the course of a description of the mentality of certain foreign residents of China, particularly in Shanghai, who had no conception of the changes which had been wrought in the relations of occidentals and orientals as a result of the World War. However, we will quote Mr. Ransome's own words on the subject,

> "Nothing could be further from the truth than to imagine that the Englishmen in Shanghai represent an English outpost or share the English point of view. The Shanghailanders hold that loyalty begins at home and that their primary allegience is to Shanghai. They proclaim that British property is in danger when they need British troops to defend them, but have shown during the last few months that the acceptance of this assistance does not in any way prevent them from doing what they can to make impossible the realization of a British policy which

they do not like. They make difficult any good understanding between England and China because, just as we at home are apt to think of them as English, so the Chinese, in China, make the same mistake. English newspapers take from three to six weeks to reach China. English policy and thought are therefore judged by the Chinese from the newspapers published in English in places like Shanghai and Tientsin. The Chinese naturally turn to these papers and judge England and England's policy by what they find there. It is impossible to persuade them that what they find is an expression not of the British but of the Shanghai Mind."

In further reference to the type of mentality designated by the expression, "Shanghai Mind," Mr. Ransome declared that it had been unaffected by the events of the last twenty-five years. "Whereas both England and China have been profoundly affected by the war, the Shanghailanders behave and talk as if the events that have followed 1914 had passed, so far as they are concerned, in a different planet. For them the last important political event was the suppression of the Boxers. Europe is far away from them and China, at their very doors, seems almost as far. They seem to have lived in a comfortable but hermetically sealed and isolated glass case since 1901, and since English information on China and Chinese information on England comes for the most part through Shanghai and similar places, it cannot be too clearly understood, both in England and China, that Shanghailanders of English extraction belong, if they belong to England at all, to an England that no longer exists. These people 'think imperially' in the manner of the Rand magnates at the time of the South African War. They are at pains to see in the present stage of the Chinese revolution a new Boxer rebellion, to be put down by force. They think of 'anti-foreignism' as China's original sin, to be exorcised by periodical penances. They look round on their magnificent buildings and are surprised that China is not grateful to them for these gifts, forgetting that the money to build them came out of China. Controlling the bottle-neck through which the bulk of Chinese trade must pass, they prosper upon it coming and going and forget that it is the trade that is valuable to England and not the magnificent buildings which big profits and small taxes have allowed them to erect. English prestige is at stake when their interests are threatened, but unless English policy coincides with their own they are prepared at any moment to be the Ulster of the East."

We wish we had sufficient space available to reprint Mr. Ransome's entire chapter on the "Shanghai-Mind," because it ought to be reprinted and read by every foreigner in Shanghai at this time, in view of the possibility that certain interests in Shanghai may attempt some rash action before the end of the present year in view of China's undoubted intentions to force an abolition of extraterritoriality. Mr. Kingsbury, the chairman of the American Chamber of Commerce, who is now on his way to Washington for the avowed purpose of "setting Mr. Hoover right" on the Shanghai Question and exterritoriality, is an excellent exemplification of the "Shanghai Mind," so fittingly described by Mr. Ransome. To judge from Mr. Kingsbury's interview which appeared in the *N. C. D. N.* he is not only ignorant of what took place in China between the close of the World War and 1926, but is also ignorant of everything that has taken place in China since the beginning of the Nationalist revolution in 1926, obviously a most dangerous state of mind from the standpoint of the general relations of the United States and the Chinese Republic.

Russia's Ultimatum to China on Seizure of Chinese-Eastern Railway

THE IMMEDIATE CAUSE of the Soviet ultimatum was the seizure of the Chinese Eastern Railway by the Chinese authorities July 11. Though this seizure was an abrupt one, there have been for some time increasing indications of the intentions of the Chinese authorities to limit more and more the prerogatives of the Chinese Eastern Railway and the Russians connected with it. An account of the raid by Chinese authorities on the Soviet Consulate in Harbin on May 27, the arrest of thirty-nine persons there, and the seizure of many documents, appeared in *The Review* on June 8. Chinese sources at Harbin at the time gave it out that this step was connected with the rumor that General Feng had concluded a secret agreement with the Soviet Government, and an official Chinese report stated that a Committee of the Third International was holding a meeting there and that this was the reason for the raid. Papers in Japan, however, following Manchurian events closely, doubted the official story, and suspected that the real reason was "China's desire to find an excuse to seize the Chinese Eastern Railway."

It therefore seems to be reasonably clear that while the Soviet Consulate at Harbin was raided for reasons announcedly connected with the clash between Marshal Feng Yu-hsiang and General Chiang Kai-shek, and the seizure of the Chinese Eastern Railway for the announced purpose of uprooting

The funeral of Chukmanenko, official of the Chinese-Eastern Railway, who committed suicide on July 4. The picture is interesting in that it shows a number of the proimnent Soviet Russians of Harbin, who acted as pall-bearers, practically all of whom have since been deported by the Chinese authorities. The one on left marked "o" is Mr. Melnikof, Soviet Consul in Harbin and the one on the right marked "x" is Mr. Cherchin, an assistant manager of the C. E. R. This picture as well as the one of Mr. Chukmanenko, are printed through the courtesy of *The Eastern Times* of Shanghai.

Soviet propaganda, the impression has been created justly or unjustly, that the real incentive was for the purpose of obtaining control of the railway. A *Rengo* message from Harbin dated June 25, which was published in the *Japan Chronicle* stated that the persons arrested in the raid on the Soviet Consulate, were never put on trial but were ordered released and deported by Gen. Chang Hsueh-liang, head of the government in the three Eastern Provinces. There were discussions by leading Chinese political figures at Nanking early last month, participated in by Chiang Kai-shek, C. T. Wang, and Chu Shao-yang (Chinese Charge d'Affaires at Moscow), on the subject of Sino-Russian relations, and a statement was made public "from an authoritative source" that one condition to the restoration of diplomatic relations with Russia was "retrocession of the Chinese Eastern Railway," as well as dissolution of the labor union on this railway. These Nanking discussions were followed a few weeks later by a trip of Dr. Wang, Minister of Foreign Affairs, to Peiping to confer with Chang Hsueh-liang on the diplomatic problems of Manchuria. The holding of this conference coincided with the seizure of the railway line. July 10, it was reported, all the C. E. R. telegraph offices were taken over, at Harbin and elsewhere, and the Russian staff discharged. The labor unions were sealed and the staff taken to the police station to give names and addresses. Other Soviet economic bodies, such as the Naptha Syndicate, the Far Eastern Trade Organization, and the Soviet Mercantile Fleet were closed. According to *Reuter's* twenty important Soviet railway officials in Harbin, and forty lesser employees and trade union officials, were arrested and deported. July 11 the (Chinese) President of the C. E. R. dismissed the general manager, Emshanoff, and appointed Fang Tsi-kuang (the previous day appointed assistant manager) as general manager then dismissed the Russian managers of different departments. *Reuter* reported on this date that the Chinese had practically taken charge of both the railway and the Soviet Mercantile Fleet.

The following day Lu Yung-kuan, President of the C. E. R., issued a statement declaring that "the steps taken by the Chinese authorities. . . . . ,were necessitated by the desire of the Mukden authorities to uphold the Mukden-Moscow Agreement of 1924, which had been repeatedly violated by the Soviet." According to this, documents had been found in the Consular raid showing that "they had used the railway as an instrument of Communist propaganda in China, and that all the important Russian officials had been engaged in propaganda while the unions had been exploited for the purpose of strengthening Moscow's hold on the line." He concluded with the statement, referring to the Soviet government, that "If they remain obdurate, we shall take such action as we deem fit and necessary to cope with the situation." Dr. Wang on the same date declared that "information gained through the Harbin raid had made it necessary to stamp out communism, but . . . . we are not unfriendly to Russia." It was reported the same day that Ostroumov, former head of the Chinese Eastern Railway, who was accused of corrupt practices by Soviet officials and imprisoned in 1924, was engaged in reorganizing the C.E.R. on behalf of the Mukden authorities. According to a *Reuter* report the Far Eastern Bank ("Dalbank") was also being reorganized.

Several hundred Russians had to leave the country. *"Ta Chung"* news agency reported an official announcement of 243 persons entraining for Manchouli on the night of July 10, practically all of their personal belongings being left behind, "it being the intention of the Chinese authorities to forward them later to the Soviet Government." July 13 it was reported that practically all Soviet officials had been dismissed. Kniaseff, Chief of General Affairs Section of the C.E.R., committed suicide after being deported. A member of his staff did the same. Dubok, a Soviet Consular employee, attempted suicide on the train from Harbin, and will probably die.

The same date, July 13, the Soviet Government handed a note to the Chinese Acting Charge d'Affaires in Moscow, emphasizing that the appointment and dismissal of C.E.R. officials are the prerogative of the Directors, stating that the Tupan's order by which the dismissals were made was a gross violation of the treaties, and drawing attention to the gravity of the situation. It quoted instances where the Soviet Government had given repeated evidences of its peaceful and friendly attitude towards China, and noted that their Note of February 2 to Mukden proposing to discuss matters in dispute, and their telegram of July 11 (from the Commissary of Communications) to the Board of the C. E. R. advising that one Serebriakov had been authorized to conduct negotiations, had remained, unanswered these facts testifying to the groundlessness of the Tupan's reference to the alleged fruitless attempts to settle controversies. The Note continued that the Chinese authorities were evidently inclined to regard the Soviet Government's policy of peaceful settlement of disputes as a manifestation of weakness, and had taken a series of grossly violent and provocative actions against the Soviet Government. The Soviet Government was still willing to enter negotiations on all questions, provided the arrested Russians were immediately released and the illegal orders cancelled. They would wait three days for an answer, but in event of non-receipt of a satisfactory answer within that period they would be compelled to resort to other means. "Soviet Russia is. . . . compelled to remind the Chinese that it possesses sufficient means to safeguard its lawful rights. Notwithstanding the Chinese provocation, Soviet Russia is willing to negotiate."

There was no response to this from the Chinese Government until the third day, the day upon which the ultimatum was supposed to expire. On the evening of July 16 a Note was sent to the Soviet Government (one translation of which we reproduce elsewhere in this issue), stating that the Chinese authorities had been forced to take emergency measures, that the Soviet officials of the C. E. R. had from the very beginning failed to observe the 1924 agreement regarding the line, and that "the Soviet members often utilized the said railway for propaganda, thereby intentionally violating the stipulations of the Sino-Russian Agreement." For these reasons, they are "constrained to take this necessary action" against the C. E. R., and consider it "very obvious" that they are "not responsible for the violation of the Agreements." They charged that more than a thousand Chinese merchants had been jailed without provocation by the Soviet Government, and that "most Chinese merchants there have been reduced to wretched circumstances due to Soviet oppression." If Chinese merchants jailed in Russia are released, and "adequate protection and facilities" accorded to Chinese in Russia, then the Chinese Government "will be ready at the appropriate time to take similar measures towards the arrested Soviet agents and the closed office buildings... The Chinese Government and people have always cherished the hope that the Soviet Government will, on its own accord, correct its past improper actions.

As regards the present case, we hope the Soviet Government will respect China's law and sovereignty and refrain from submitting proposals contradictory to the actual facts of the case.

"The National Government will instruct Minister Chu Shao-yang to make a careful investigation of the case at Harbin on his return to his post. All outstanding issues between China and Soviet Russia, as well as questions regarding the Chinese Eastern Railway, can then be taken up by Minister Chu Shao-yuang and the Soviet Office, in order to secure a justifiable and amicable solution."

The Chinese Eastern Railway is dealt with in two agreements, one between the Soviet Covernment and Peking, the other between the Soviet and Chang Tso-lin's autonomous Manchurian Government at Mukden. In Tsarist days the railway was altogether in the hands of the Russians, and the whole district traversed by this railway, known as the Chinese Eastern Railway Zone, was practically Russian territory. The Russian Revolution brought a radical change in Russia's policy, and the Soviet Government voluntarily abandoned all political control in the railway zone, permitted her citizens here to come completely under Chinese jurisdiction, admitted China to an equal share in the administration of the line, and reduced the period of eighty years (at the end of which China is to be given the line free of charge) to sixty years (from time of construction).

Many of the paragraphs of the Moscow-Mukden Agreement ore identical with paragraphs of the Moscow-Peking Agreement. Those which appear most pertinent in the present dispute are given below. Numbers at the beginning of each paragraph refer to the Mukden agreement, those at the end to the Peking agreement. It will be noted that in the Peking agreement, the matter of propaganda is not mentioned in the special agreement on the C. E. R., though covered in the Agreement on General Principles.

Art. 1, Par. 3: With the exception of the estimates and budgets... all matters on which the Board of Directors cannot reach an agreement shall be referred for settlement by amicable and equitable methods to the Governments of the two Contracting Parties. (Art. VI.)

Art. 1, Par. 11: The Chiefs and Assistant Chiefs of the various Departments of the Railway shall be appointed by the Board of Directors. If the Chief of Department is a national of the Republic of China, the Assistant Chief of Department shall be a national of the Union of Soviet Socialist Republics... (and vice versa). (Art. IV.)

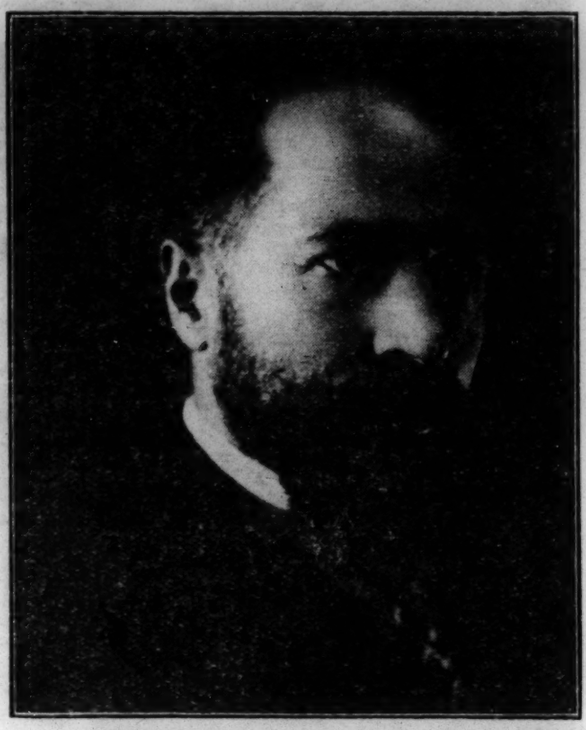
Art. 1, Par. 12: The employment of persons in the various departments of the Railway shall be in accordance with the principle of equal representation between the nationals of the Republic of China and those of the Union of Soviet Socialist Republics. (Art. V.)

Art. 1, Par. 14: The Railway shall have a Manager, who shall be a national of the Union of Soviet Socialist Republics, and two Assistant Managers, one to be a national of the Republic of China and the other to be a national of the Union of Soviet Socialist Republics. The said officers shall be appointed by the Board of Directors and such appointments shall be confirmed by their respective Governments. (Art. III.)

Art. 1, Par. 15: The Railway shall establish, as a body conducting discussion and exercising decision, a Board of Directors to be composed of ten persons, of whom five shall be appointed by the Republic of China and five by the Government of the Union of Soviet Socialist Republics.

The Republic of China shall appoint one of the Chinese Directors as President of the Board of Directors, who shall also be the Director-General; while the Government of the Union of Soviet Socialist Republics shall appoint one of the Russian Directors as Vice-President of the Board of Directors, who shall also be the Assistant Director-General. (Art. I.)

Article II: The two Contracting Parties mutually pledge themselves not to permit, within their respective territories, the existence and or activities of any organizations or groups whose aim is to struggle by acts of violence against the Governments of either Contracting Party. The two Contracting Parties further pledge themselves not to engage in propaganda directed against the political and social systems of either Contracting Party. (Art. VI of General Agreement.)

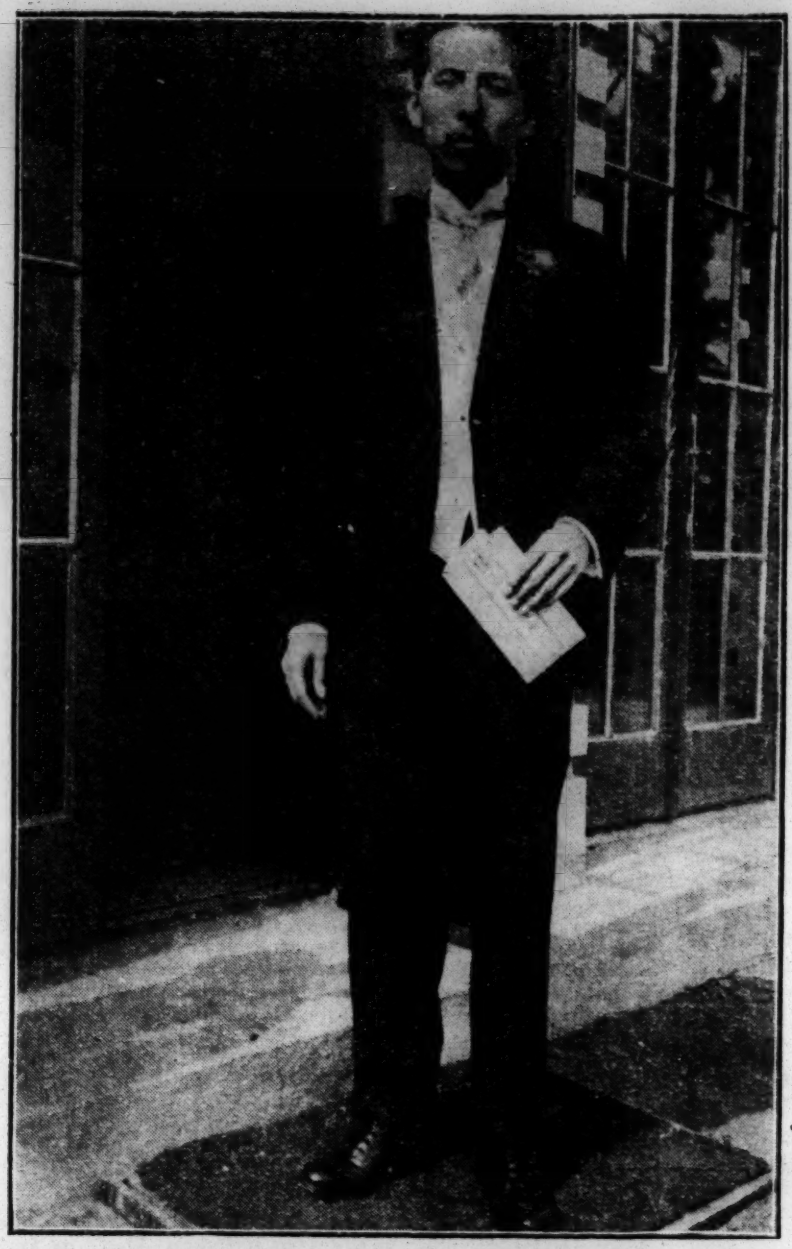


Mr. Chukmanenko, prominent member of the Chinese-Eastern Railway Administration, who committed suicide on July 4, supposedly as a result of the crisis with the Chinese authorities. In addition another Russian named Kniaseff, chief of the General Affairs Department of the railway and a member of his staff also committed suicide while a Mr. Dubok, an employe of the Soviet Consulate at Harbin attempted suicide on the train while being deported from Harbin.

The Moscow-Peking Agreements were dated May 31, 1924.. The agreement between Moscow and the "Autonomous Government of the Three Eastern Provinces of the Republic of China" was dated September 20, 1924. Another agreement, to which China is not a party but which is necessary for the understanding of the present situation, is that between Russia and Japan. By the Russo-Japanese Convention of 1925, "the Treaty of Portsmouth of September 5, 1905, shall remain in full force." By this treaty Russia has the right, so far as Japan is concerned, to send some 25,000 troops into North Manchuria.

It is therefore reasonably clear that if Russia decides to occupy the railway line, Japan will take no steps to prevent it. Not only this, but a statement by the Tokyo Foreign Office, quoted in the *Japan Advertiser* on July 13, said that if Russia offers no protest and China's full control of the railway is made permanent, "Japan will have to take steps to protect its interests, in connection with a reservation which Japan announced at the time the Sino-Russian agreement was signed in May 1924." Beyond this Japan's Foreign Office has declared that its policy is one of "watchful waiting and strict neutrality." Under no circumstances, however, will it allow disturbances to spread southward of Changchun, the southern limit of the Chinese Eastern Railway.

Japan's position is clear. They feel that if they disregard this incident, it might be the prelude to a similar move by China to get possession of the South



A recent picture of Gen. Chang Hsueh-liang, head of the Government in the Three Eastern Provinces. The picture was taken by Mr. Edgar Snow, the writer of an article dealing with Manchuria appearing elsewhere in this issue of *The Review*.

Manchurian Railway, originally a part of the C.E.R., but since the Russo-Japanese War in Japanese hands. An official spokesman declares that any infringements of Japan's vested interests in Manchuria, following the Harbin precedent, would be resisted by extreme measures if necessary. While Japan is the third party most vitally interested however, other states are following the dispute with keen interest. Chinese papers have pointed out that with Japan and Russia apparently in agreement, and Great Britain preparing to resume normal relations with Russia, a new *bloc* against China is being created. It is clear that Chiang Kai-shek's declaration, released on July 16 by a Chinese official news agency, was intended as an appeal not only to the Kuomintang but to foreign states as well.

The outstanding points in General Chiang's appeal were that "the interests of the Third International clash with those of the Kuomintang," that "our party's interests clash with those of any Power who has imperialist designs," that the Soviet Government had repeatedly declared its intention to hand the C.E.R. over to China, but had really been attempting to tighten its hold, that "the 'Red' imperialism is more dangerous than 'White' imperialism as the former is more difficult to identify." There were other Sino-Russian questions to be settled, such as Outer Mongolia and Communist propaganda. "We want to take over the Chinese Eastern Railway first, however, before we will proceed to take up the other issues."

Foreign, or at least British opinion in general, however, does not seem very friendly to China on the point involved. The Tory "*Times*" believes that Russia may be legally right (though morally wrong), while the "*Daily Telegraph*" says China's actions, whatever the pretext, were "high-handed," and the Labor paper, the "*Daily Herald*," trusts that even now China will recognize that her actions were unwise and that Russia will remember that ultimatums are dangerous things.

France has a peculiar interest in the dispute. It is claimed that much of the money which built the Chinese Eastern Railway was actually put in by French investors. Though there are amicable relations between France and Russia, there is little doubt that the French Government would like to be able to regain some of the losses of French financiers here, if the opportunity presents itself.

It may even affect adversely the matter of abolishing extraterritoriality in China. The Soviet press, long the champion of Chinese sovereignty against foreign privilege, now cites the arrest and deportation of Soviet officials of the C.E.R. as an example of "what foreign citizens will have to expect after the abolition of extraterritoriality." The influential Liberal organ, the "*Manchester Guardian*," says that "the Chinese, by their high-handed action over the C. E. R, have given a warning to all other Powers that the present Chinese rulers recognize no agreement which is unsupported by force. . . . They have provided an excellent argument for the postponement, even by the friendliest foreign Powers, of any change in the existing system of extra-territoriality. Nothing they have done in recent years is better calculated to stiffen the attitude of foreigners who still have privileges and properties in China to defend."

As regards the military position, Japanese military men declare that the available Soviet troops, though numerically inferior, are far more efficient and up-to-date from the standpoint of equipment than the Chinese, and would be fully able to hold their own.

Since the foregoing paragraphs were written, the news reached Shanghai on the morning of Thursday, July 18, that the Soviet Government, considering China's reply to the ultimatum as unsatisfactory, had issued another Note declaring the immediate breaking-off of all diplomatic relations with the Chinese Republic. It was also stated that all railway and telegraphic services and other direct communications between Soviet Russia and China had been discontinued. All Russia consular officials are to be withdrawn from China and all Chinese diplomatic officials sent home from Russia. While nothing was stated regarding military affairs, the official Japanese news services have innumerable reports regarding the concentration of Soviet troops along the Sino-Siberian border and of counter-mobilizations along the Chinese side of the line. It is impossible to determine how much of this is fact and how much pro-

paganda, but a Japanese *Toho* message from Tokyo on July 17 stated that Russian forces, approximately 40,000 strong are distributed at six strategic points as follows. One Division opposite Manchouli, one division in Blagovestchensk and Khabarovsk, one division in Nikolskoe and Vladivostok. As for the strength of the Chinese forces the same *Toho* message stated that some 60,000 Chinese troops consisting of Heilungkiang forces are stationed in the region along the Chinese Eastern Rrilway extending from a point west of Harbin to Manchouli and about three brigades of the Kirin troops are arranged along the Chinese-Eastern Railway ranging from Harbin to Pogranichinaya, another brigade of Kirin forces being stationed in the northern part of Kirin province. These four brigades were stated to be of about 25,000 strength, the total strength of the Kirin provincial forces being about 80,000. The total strength of the Fengtien forces was given as 300,000 troops, making about 440,000 Chinese troops in the Three Eastern Provinces Heilungkiang, Kirin and Fengtien.

The whole situation Manchuria naturally is of vital interest to the United States, not because of American investments or commercial interests in that area, but because of the bearing of these events upon American relations with China, Japan and Russia. Should Russia decide upon an intervention program in North Manchuria, this would have a direct bearing upon the Washington Conference treaties pertaining to the Open Door, especially the treaty relating to "principles and policies concerning China" which was signed by the United States, Great Britain, Japan, France, Italy, Netherlands, Portugal, Belgium, and China, the preamble of which reads.

"The contracting Powers, other than China, agree: (1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China; (2) To provide the fullest and most unembarassed opportunity to China to develop and maintain for herself an effective and stable government; (3) to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territories of China; (4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states and from countenancing action inimical to the security ot such states; (Article II) The contracting Powers agree not to enter into any treaty, agreement, arrangement, or understanding, either with one another or collectively, with any Power or Powers, which would infringe or impair the principles stated in the foregoing. . . ."

It will at once be noted that the present strained situation between Soviet Russia and China, has a direct bearing on the Washington Treaty, for while Russia was not a party to the Washington agreement, practically all of the other Powers with so-called "interests" in this part of the world, were represented at the Washington Conference. Germany was not present, but it was reported two or three years ago that the German Republic had announced its adherence to the Treaty. Then aside from America's interests in the Manchurian situation from the standpoint of the Washington Conference treaties, there is an added interest due to the recent signing of the Kellogg Pact for the ourlawry of war. Both Russia and China, as well as Japan, are signatories to the Kellogg Pact, and while reports from Washington in the past few days have indicated that the United States would adopt a neutral attitude, it will be impossible for America to ignore a situation which is likely to provide the first test pertaining to the effectiveness of the Pact. Generally speaking, the policy of the United States would be along the line of protecting the integrity of China's territories in Manchuria. While there were no official statements on the subject at the time it is generally known that the United States did not look with favor on Japan's intervention tactics in Manchuria (and Shantung) last year, hence it is likely that the United States would follow a similar policy in respect to Russian intervention, particularly since Russian intervention would in all liklihood lead to a clash with Japan or an agreement between Russia and Japan to divide Manchuria between them. It was the declaration of Secretary of State Hughes at the Washington Conference which was responsible for the withdrawal of Japan's troops from Siberia, shortly following the Conference in 1922. Hence, it is most logical to expect that the United States will be deeply concerned with the present Manchurian crisis and will watch the situation closely. It is too early to forecast what America is likely to do—whether act as a mediator, or in some other way—but of one thing we all may be sure, American policy is likely to follow the lines of assisting in the protection of the rights of all three parties and the adjustment of the situation by peaceful means, but where so-called "rights" overlap as they do in Manchuria, the solution of these questions by peaceful means is a most difficult problem.

How the Political Situation Stands at the Beginning of the Sino-Russian Crisis

BY ALBERT M. GUPTILL.

WHAT the actual results of the Peiping conference of military leaders actually are, nobody in China save the generals themselves knows, with the exception of one thing which is apparent to everybody, that being the fact of China's chief executive having proved himself to be possessed of an unusual amount of cool courage which ought to thoroughly scotch some of the outrageous yarns that have been peddled about China by means of scurrilous tabloid sheets and word of mouth concerning the personal bravery of Chiang Kai-shek.

With Feng Yu-hsiang frankly out of sorts and Yen Hsi-shan a very doubtful quantity in the political lineup it required more than a little personal bravery to invade Peiping with a handfull of bodyguards as did Chiang Kai-shek last month. He literally stuck his head into the lion's mouth. The Peiping garrison is composed of Shansi troops under the command of Shang Chen, a former Feng commander. Where his real personal allegiance rests at the moment, nobody knows. But it is certain that he had sufficient force at his command to have made a prisoner of China's President at any time he disired while Chiang was in Peiping. The fact of his having played his cards the other way is a tribute to the personality of the commander-in-chief.

Chiang's unarmed invasion of the north at this juncture seems now to have been a sagacious bit of real diplomacy. His last visit at the head of a conquering army was hardly designed to leave a pleasant taste in the mouths of the northern Chinese in general, for good army or bad, an army is an army and it costs a lot of money to accomodate several hundred thousand men. Beside which, these northerners are none too fond of having to bow the head to southern arms. When it was first rumored that the President was coming to Peiping the question which came to mind throughout the north was, how many divisions will he bring with him? It was incredible to a people accustomed to the huge bodyguards of the former Shantung bandit and his friends that Chiang Kai-shek should venture into the very heart of the enemies' country with but a handfull of guards. But he did exactly that thing and by so doing, if he made no friends, at least he won the admiration of a lot of people whose previous estimate of their southern leader was none too high.

(*Continued on page 339*)

CHINAS REPLY TO RUSSIAN ULTIMATUM

The Chinese Government's reply to the Soviet ultimatum was given in the *Shanghai Evening Post*, an American paper, in translation as below. Date is given as July 16, 8 p.m.

"The relations between China and Russia were placed on a definite footing when the Sino-Russian agreement was concluded in 1924. The Chinese government and its people, imbued as they are with the spirit of world fraternity, have always manifested its willingness and sincerity to cooperate with the Soviet Government and its people. But in recent years it has been repeatedly discovered in China that the Soviet government has been engaged in instigating the Chinese people to overthrow the Chinese state and the existing social system and in various organized propaganda and activities against the Chinese government. The Chinese government consequently has felt constrained to take appropriate measures in order to preserve the security of the state and the community. The recent raid on the Soviet consulate at Harbin by the authorities of the Three Eastern Provinces and the action on the Chinese Eastern Railways were purely intended to forestall the rise of peace-disturbing incidents, being expedients taken under the dire necessity of circumstances. The authorities of the Three Eastern Provinces have exercised great caution in the carrying out of these measures without unduly overstepping their scope of competency.

"According to repeated reports from the officials of the Three Eastern Provinces, the Chinese government understands that the General Manager as well as the high Soviet officials of the Chinese Eastern Railway have failed to observe from the very beginning the provisional agreement governing the control of the line concluded in 1924. Instances of breach of the agreement and usurping of Chinese rights by the general manager and other Soviet officials during the past few years are too numerous to recount. As a result the Chinese officials of the railway have been unable to exercise their functions in accordance with the provisional agreement. What is still worse is the utilization of the various departments of the railway by the Soviet officials to disseminate propaganda incompatible with the spirit and letter of the Chinese-Russian agreement.

Preliminary Demands Made

"For the above various reasons the authorities have felt constrained to take over the control of the railway, which is by no means a breach of the Chinese-Russian agreement or the provisional agreement governing the control of the line. It is obvious that the Chinese government is not in the wrong.

"Moreover, according to reports from the Chinese legation at Moscow, more than 1,000 Chinese merchants in Soviet Russia have been thrown into jail by the Soviet government without giving any reason at all, and the number of Chinese who can make a living there consequent upon the various discriminatory measures enforced against them by the Soviet government is even much greater than this. In contrast to the Soviet policy, the Chinese government have all along maintained a magnanimous attitude towards all the Soviet merchants and Soviet commercial organizations in China without any discrimination at all. The steps in connection with the recent arrest of Soviet officials and the sealing of Soviet organizations in the Three Eastern Provinces were taken because they were necessary in the suppression of reactionary propaganda and the preservation of peace and order in the territory.

Nanking Upholds Seizure

"If the Soviet government will accept the following demands, which by the way are not our conditions for the settlement of the present dispute, namely:

(1) All Chinese merchants heretofore jailed by the Soviet government be released and sent back to China with the exception of those whose cases are still pending but who must be first given freedom under guarantee furnished by the Chinese legation or consulate in Russia, and

(2) Proper protection and facilities be accorded to Chinese merchants and organizations in Russia without being subject to unfair treatment,

Then the Chinese government may take appropriate measures in an appropriate moment in regard to the Soviet citizens recently arrested and the Soviet organizations sealed in the Three Eastern Provinces.

"It has been always the fervent hope of the Chinese government and its people that the Soviet government will become conscious of its past blunders and correct them forthwith. It is especially hoped that the Soviet government will pay due respect to the law and sovereignty of China apropos of the present incident and refrain from making any proposal incompatible with the facts of the situation. The Chinese government will instruct Minister Chu to inquire into the affair at Harbin on his way to Moscow to resume his post there and this and all other outstanding Sino-Russian issues may be discussed between the Chinese minister and the Soviet Commissariat of Foreign Affairs so that a proper and legal solution may be effected."

Official Report Differs

The English translation of the Note as given out by the official *Kuo Min* News Agency, which is probably the most reliable, obtainable, differs from the above at several points. The *Kuo Min* text at these points of some difference in meaning is as follows:

Last sentence, Par. 1: They are emergency measures the Government has been forced to take and the local authorities have been extremely careful in localizing the incident.

Last sentence, Par. 3: That we are not responsible for the violation of the Sino-Russian Agreement and the Agreement concerning the Provisional Management of the Railway is very obvious.

Beginning of Par. 4: Again, from the reports of our Embassy and Consulates in Russia, we have learnt that the Soviet Government has arrested more than one thousand of our merchants without any provocation whatsoever. Most Chinese merchants there have been reduced to wretched circumstances due to Soviet oppression.....

Par. 5 et. seq.: The National Government of China does not propose the following conditions as counter-demands. But if the Soviet Government will (1) Release all the Chinese merchants arrested and detained by the Soviet Government, except those who, being involved in lawsuits, are guaranteed by the Chinese Embassy or Consulates to remain in Russia; and (2) Give such adequate protection and facilities as the Chinese merchants in Russia are entitled to, then the National Government of China will be ready at the appropriate time to take similar measures towards the arrested Soviet agents and the closed office buildings.

Conclusion: The National Government will instruct Minister Chu Shao-yang to make a careful investigation of the case at Harbin on his return to his post. All outstanding issues between China and Soviet Russia as well as questions regarding the Chinese Eastern Railway can then be taken up by Minister Chu Shao-yang and the Soviet Foreign Office in order to secure a justifiable and amicable solution.

Loan Readjustment Committee to Meet

Upon the return to Nanking of T. V. Soong, Minister of Finance, the first meeting of the Committee for the Readjustment of Domestic and Foreign Loans will be held. The Committee is to devise measures for the payment of interest and redemption of principal of all secured domestic and foreign loans and to investigate the nature and amount of unsecured loans with a view to their liquidation. Preparatory to the first meeting the Ministry of Finance has requested the Ministries of Railways, Communications and Foreign Affairs to submit reports on the amount, purposes and dates of all domestic and foreign loans contracted by the Chinese Government since the first year of the Republic.

The Committee was formed some time ago, but owing to military disturbances it has not been able to function. It is composed of seven members, the President of the Administrative Yuan, the President of the Control Yuan, the Minister of Foreign Affairs, the Minister of Industry, Commerce and Labor, the Minister of Railways, the Minister of Communications and the Minister of Finance. The chairman is elected from among the members. A subcommission of technical experts is provided for in the regulations and the Committee is empowered to appoint Chinese or foreign financial experts as advisers or counsellors.

Ex Manchu Emperor Loses in Bank Closing

A *Kuo Wen* report of July 11, states that in consequence of the temporary suspension of the Chinese American Banking Corporation, Pu Ye, the ex-Manchu Emperor, has sustained a considerable pecuniary loss. In order to be more economical, Mr. Pu Ye has recently discharged a number of servants and his new residence is much smaller and simplier.

Which Way Manchuria?

BY EDGAR SNOW

DURING the first twenty years following the Russo-Japanese war there seemed small reason for doubt as to the ultimate destination of Manchuria. No one conversant with the situation could have failed to perceive the significance of developments. No one who carefully had gone over the roadway of events during those two decades could mistake its final turning, dim, or hidden, though at times it was. Manchuria, or at least the most vital part of South Manchuria, was drifting the way of Korea. Intelligent observers unanimously held the opinion that within a comparatively short time Japan's economic conquest of this greatest of China's wealth-producing areas would merge into an absolute political dominance as well. True, what is always more or less ambiguously refered to as the "outside world" continued to regard the Three Eastern Provinces as a part of China as integral as Shantung, or Kiangsu, or any of the middle kingdom states. Officially, Japan, too, never disputed China's traditional sovereignty over the territory. She never has hesitated to do this because she has known always that when matters come to a showdown, Japan will hold the unbeatable hand with the joker up her sleeve.

Periodically, discerning writers have pointed to the obvious fact that though nominally China held full authority over the Three Eastern Provinces, Japan because of the pressure brought to bear through her ubiquitous interests, in nearly everything but form was the real master of South Manchuria. In answer to such accusations Japan has been quick to reassure the world to the contrary, the conventional strains of her lullaby being that all of her leased territory, and railways zones, totalled in area only 1/273 of the whole of Manchuria, that her guiding principles were ones of equal opportunities for all, that she desired nothing but to realize the economic development of Manchuria to the fullest extent, and that her aim was simply and solely to make Chinese Manchuria prosperous and progressive, to create a new source or supply of raw materials for Japanese industry, and a new market for Japanese goods, as well as those of other countries.

Nobody will dispute that under her management Manchuria has flourished as it would not have, could not have, done under Chinese control. It is at least reasonable to doubt that the South Manchuria Railway and the port of Dairen (both controlled by the Japanese government) could have developed as they have, if they had been under Chinese management during this period. The reasons are patent, and need no exposition. Civil wars, lack of unity, incompetence, feuds between rival militarists, graft, excessive taxation—all the evils, in fact, which have kept the country south of Great Wall in chaos almost since the beginning of the century—most certainly would have spread to Manchuria, had there been no Japanese army to discourage disorder. Intelligent Chinese, as well as most foreigners, quite readily concede that because of Japan's ownership of the South Manchuria Railway, and subsidiary lines and enterprises, and her leasehold in Kwangtung province (or the Liaotung Peninsula), the economic progress of Manchuria has proceeded more rapidly than even the most myopic optimist could have expected had these concessions never been acquired from China. What much of the world fails to note, however, is that along with its "economic and industrial management" Japan's political control steadily has extended its web over the country, increased its powers gradually but surely, spread its influence over an area far larger than any of its numerous attractive treaties with China permits, until the richest sections of the territory, and, incidentally an area greatly in excess of the original South Manchuria, as defined against North Manchuria, virtually constitute the most extensive, most profitable, and hence most important *colony* of the Japanese Empire.

Situation Prior to Washington Conference

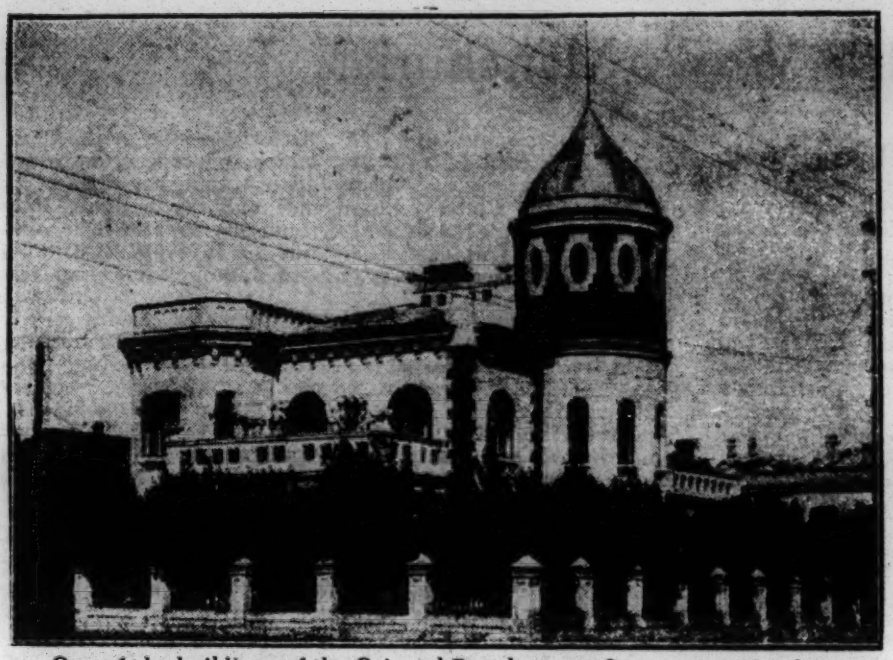
Prior to the Washington Conference, China was powerless to resist the further amplification of this influence, so peculiarly insidious because it proceeded under the banner of "peaceful development of Manchuria's resources." Existing treaties and loan agreements kept her pitifully handicapped. Japan seemed to hold in advance the key to every situation. Particularly was this true in regard to railways. which, of course, were the principal means by which Japan established herself in Manchuria. China realized that only by building lines competing with the Japanese could she hope to hold what control she still exercised. But so favorable were the treaties and loan agreements to Japan that China discovered she could not construct a single important railway without its being financed by the former. Insofar as her building any trunk line which might enable the opening of a port of her own, the Treaty of 1905, wrung from China when she was at the mercy of all comers, clearly forbad the construction "of any main railway in the neighborhood of or parallel to" the South Manchuria, "or any branch line which might be prejudicial to the interests of the above railway." In addition, the government was bound under one of the sections of the infamous Twenty-One Demands to hire only Japanese as military, political, financial and police advisers, a provision which for a time placed Manchuria practically in the position of a subject country to the Japanese Emperor. Nevertheless, despite the odious circumstances under which the Manchurian Chinese found themselves, they understood that more railways were needed if the country were to progress, and partly because of this, but more especially because the Japanese pressed them to fulfill their loan agreements, several branch lines, ultimately planned to link up with the South Manchuria trunk artery, were constructed.

The head Administrative Office of the Chinese-Eastern Railway in Harbin which has now been taken over by the Chinese authorities.

These we will mention presently.

Although in general a bitter disappointment to the Chinese, the Washington Conference secured for them several important regressions from Japan. Besides relinquishing the Kiao-Tsi Railway to China, Japan also made a declaration of her intentions in regard to Manchuria. Baron Shidehara agreed to disregard two provisions contained in the Twenty-One Demands. These were the ones already mentioned, concerning the employment of Japanese advisers in Manchuria, and another which provided that all projected railways in South Manchuria and Eastern Inner Mongolia should be financed, when outside capital was solicited, by the Japanese. In giving up the latter right, however, Japan was careful to make it clear this in no way affected arrangements already made with China, including the financing by the South Manchuria Railway interests of the following Chinese lines:

Kirin-Huining
Chengchiatun-Taonanfu
Changchun-Taonanfu
Kaiyuan-Kirin (via Hailung)
Kirin-Changchun
Sinminfu-Mukden
Ssupingkai-Chengchiatun



One of the buildings of the Oriental Development Corporation, the Japanese colonization company in Manchuria which is devoted to the encouragement of Japanese agricultural projects and Japanese immigration.

The completion of these lines, while still leaving much construction open to financing by outside capital, nevertheless not only will piece Japan in control of the major communications of the wealthiest part of Manchuria, and most strategic, but also will enable that country, should she choose to do so, to thwart the development of any efficient system of long-distance Chinese communications.

Recent Development

Since the Washington Conference, and mostly within the last two or three years, an entirely new, and in many quarters unanaticipated, development has taken place in the Manchurian railway history. The Chinese have begun to build lines of their own, financed exclusively by Chinese capital. These railways, for the most part, have been built so hastily that most of the people in south China have little conception of the numerous changes which have taken place on the map of Manchurian communications. It is certainly not generally known, for instance, that in the Three Eastern Provinces, which at the beginning of the century had no railways at all, the ratio now is about 2.2 miles of track to every mile in China proper. This sudden independent activity on the part of the Manchurian government undoubtedly has proved exceedingly disconcerting to Japan and her South Manchuria Railway. How much so, the reader will perhaps appreciate when it is pointed out that the Japanese claim the Treaty of 1905, providing against the construction of any line "parallel to or in the neighborhood" of the South Manchuria Railway, has been violated in two instances by Chinese lines already constructed, and that of those on which work is now proceeding, at least three disregard this provision, or certain loan agreements. Their contentions undoubtedly have solid basis. Before going into a discussion of just why this is so, it is interesting here to emphasize that for the first time in Manchuria's railway history, China has acted as though the territory actually were a part of the republic, to be developed just as any part of the country beneath the wall. And it is this attitude, more than any serious competition which the Chinese lines have been able to offer, that most of all irritates the Japanese. This is only natural. From 1906, when, following the Russo-Japanese War, the South Manchuria Railway Company was created by the Emperor of Japan, till 1926, there had been practically no serious threat to the "special rights" of Japan in Manchuria. During those two decades Japan had come to interpret the meaning of that magic phrase in an extraordinarily broad sense. To her it meant not only the predominant position assured her by the Company, and her leasehold, a 99 years affair, in Kwantung, it meant also that perpetually Japan was to remain the moving force behind all important enterprise in South Manchuria. Thus she has been shocked and wounded by this wholly uncalled for assertion of independence on the part of the Chinese. Within recent months she has actually come to regard the new situation as offering possibilities of becoming tantamount to a crisis in Sino-Japanese relations.

Manchuria, as one foreign writer has put it, "unexpectedly has reached a crossroads." A pathway which generally had been regarded as effaced, suddenly has appeared in the distance. If China follows it, and succeeds in managing alone, the future of Manchuria, even of that South Manchuria so dear to the Japanese, may seriously be altered. On the other hand, if Japan is successful in suppressing this spurt of aggressiveness on the part of the Chinese, the opportunity that seems now to be within China's grasp indubitably will be lost, if not forever, certainly until such time as the status of Sino-Japanese relations fundamentally has been altered. The odds are greatly in favor of the Japanese in the coming contest. She has defeated past attempts to encroach upon what she regards as her region esoteric, a land where "special rights" must be respected. Other conditions, which we presently shall site, appear to make China's chances of retaining, or rather regaining, control of her eastern provinces, exceedingly remote. Meanwhile, it is important that the reader first be enlightened as to the extent to which both China and Japan at present control the railways of Manchuria. fi

Japanese Capital

According to the official *Report on Progress in Manchuria*, 1907-1928, just issued by the South Manchuria Railway, there are in operation in the Three Eastern Provinces, about 3400 miles of railways. "Of this total," says the official publication, "China owned over 1500 miles and Japan about 700 miles," while Sino-Japanese joint undertakings aggregated 146 miles." This of course omits the some 1100 miles under Sino-Russian ownership, which are accounted for by the Chinese Eastern Railway, and are irrelevant to the present discussion. Althouyh nominally China owns more than twice as much mileage as Japan, this statement hardly represented the true nature of affairs. For of the 1500 miles credited to Chinese ownership, only about 400 miles actually have been constructed with Chinese capital. As a matter of fact, *Japan has a major capitalistic interest in* 1457 *miles of railways in South Manchuria!*

Upon consulting the map it is easy to see why Japan also controls by far the most important lines. The South Manchuria Railway proper, which extends for a distance of about 438 miles, from Dairen to Changchun, drains that part of Manchuria which is wealthiest agriculturally, richest both in external and internal resources, and constitutes the most strategic strip in the whole of Manchuria's 382,000 square miles. Linking up with the Chinese Eastern Railway, which proceeds from Changchun to the Russo-Chinese border, and thence to Europe, via the Trans-Siberian lines, the S. M. R. holds the key position in the transcontinental scheme of Eurasian traffic. Entering Mukden, the capital, it joins Manchuria with China proper, via the Peiping-Mukden line, and also with Chosen, via the Mukden-Antung and Chosen Railways. Proceeding to Dairen, at present the only improved ice-free port open to large steamers the year round, the railway thus forms what has been termed the nerve center of South Manchuria.

The Mukden-Antung line, also owned and operated by the South Manchuria Railway, is about 160 miles long, and, as mentioned above, serves the same purpose for Korea as the Peiping-Mukden Railway does for China proper, welding as it does, the rich districts of southern Fengtien, with the less productive hills of Chosen. Japan is thus seen to own through the combination of the South Manchuria and the Mukden-Antung railways, what constitutes a direct main line from Changchun to Fusan, on the end of the Korean Peninsula, which point is within a few hours journey from the isle of Nippon. It readily will be recognized that this places Japan in a superb position to defend her interests in Manchuria, even if, through some unthinkable circumstance, she were to lose her hold in the Liaotung Peninsula.

In addition to these two lines Japan also owns and operates, through the South Manchuria Railway, four branches: one to Yinkou, or Newchwang, about 14 miles long; one to Port Arthur from Dairen, 31.6 miles long; another called the Yentai Colliery Branch, which is about 10 miles long; and, more important than any of these, the

35 mile line which leads from the Japanese owned Fushun mines, richest coal producers in the Orient, to the Hunho, near Mukden.

Influence of S. M. R.

Although these are the only lines owned outright by the South Manchuria Railway, its influence by no means can be said to stop here. To a degree it exercises control over all the railways in the three provinces. This control varies from actual management of Chinese lines, to a restraint decidedly more than theoretical, which it exerts because of its contiguous position to purely Chinese undertakings.

Under the first category comes the Changchun-Kirin line, which, for all practical purposes, may be considered a branch line of the South Manchuria Railway. It was financed and constructed by the latter, and, after a short period during which the Chinese held control, was turned over by agreement to the management of the South Manchuria Railway Company. It is 79 miles long and forms the first section in the long projected Changchun-Kainei line, which Japan so ardently has been attempting to force the Chinese to complete. A second section, from Kirin to Tunhwa, in reality also is managed by the Japanese, although here the authority is exercised more indirectly. Financed, under one of the loan agreements by the South Manchuria Railway, the arrangement provides that a "chief accountant" appointee of the Japanese, "shall have charge of accounts", and "all documents relating to receipts and expenditures." Between Tunhwa and a point a few miles north of Yenki, the railway is still uncompleted. South of Yenki there exists a Japanese light railway, in which also is some Chinese interest. This line extends for 69 miles, reaching to a point on the river Solon, which forms the boundary between Korea and East Manchuria. On the Korean side is the city of Kainei, which has direct lines connecting it with the Chosen system of railways. Separating Tunhwa and the railhead of this Japanese narrow guage line, is a stretch of about 60 miles. Although a specific loan agreement provides for the building of the Kirin-Kainei (or Kirin Huining, as it sometimes is called) railway, now that the line is practically finished, China suddenly has offered a stiff resistance. She at last has awaken to the fact that, with the completion of this line, Japan will be able permanently to safeguard her dominance of Manchurian railways. Since China owns no seacoast in the northeast here, this line must act as a feeder to a Korean port—probably either Seishun or Yenki. Thus at the sacrifice of China's interests, Japan boldly has plotted to develop her own poorly paying stepchild, Korea. The development of this Korean port necessarily will preclude the possibilites of success for the long-discussed Chinese port at Hulatao. It is seen then, that once the railway is opened for through traffic from Changchun to Kainei, Japan will have little to fear from the Chinese for many years to come. Helped by the rich traffic from eastern Manchurian, northern Korea will prosper. Japan will have rid herself of the white elephant. Because it is a more direct route than any that could be effected over a combination of Chinese railways leading to Hulatao, the Changchun-Kirin-Kainei line will secure most of the goods that might be shipped over Chinese owned lines. At the same time the continued prosperity of the South Manchuria Railway and Dairen also are assured, since there will be no Chinese port to offer serious competition.

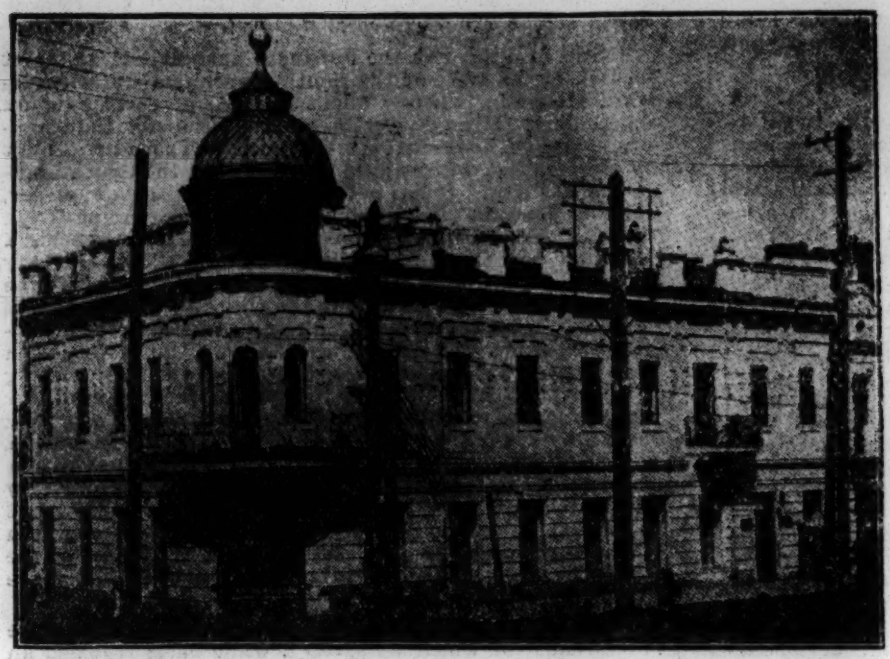
Japan's Next Annexation

Even if China should some day get full control of the line under discussion, these facts could not be altered. But the chances of China's securing sufficient capital to buy it seem, at the moment, to be something more than distant. Meanwhile Japan will thus be left holding actual authority over the corner of Manchuria which roughly may be said to be enclosed by the cities of Kainei, Changchun and Dairen. Carefully consider that territory. *It is the general belief that in that triangle Japan sees her next colonial annexation.*

Still dealing with the Japanese financial interests, let us look to the west of the South Manchuria Railway, toward Mongolia, where China's chances of developing an independent railways system are more hopeful than anywhere else. The line from Ssupingkai to Taonan was built by the Chinese, with capital furnished by the South Manchuria Railway. It has a Japanese maintenance engineer, chief accountant and traffic manager. Extending from the northern terminal, Taonan, is a line to Angachi, a point on the Chinese Eastern Railway about mid-way between Hailar and Harbin. The Taonan-Angachi line was built by the S. M. R., for the Chinese, with Japanese capital. It has a Japanese "adviser", who directs "all expenditures and revenues of the railway," and who, with the Director-General, countersigns "all documents relating to its expenditures." Extending from Chengchiatun (or Liaoyuan), on the Ssupingkai-Taonan Railway, a branch reaches over to Paiyintala (or Tungliao), on the Mongolian border. This was built under the same arrangement as the main line. These lines, all in which Japanese money is invested in this region at present, total about 410 miles in length. It should be kept in mind that they have been constructed primarily as "feeders" to the trunk line of the South Manchuria, and, as they stand today, actually are little more than branches of that railway.

The other side of the picture, the view towards the "crossroads" of which we spoke a while back, revealed an interesting new determination on the part of the Chinese, to build railways which will be outside the sphere of control of Japan. Boldest of these ventures, since it obviously violates the spirit of the Treaty of 1905, as well as disregards an important loan agreement, is the Mukden-Hailung-Kirin line. In 1927 it was completed as far as Hailung, and it now is being pushed rapidly to Kirin. To the Japanese its completion has been a matter of considerable concern. Since it runs "in the neighborhood of" and "parallel to" the South Manchuria Railway, for some distance, and since it jeopardizes the interests of that line, according to the Japanese, it is a defiant flouting of the Peking Treaty which handed to Japan some of her more exceptional privileges in Manchuria. Moreover, it is in conflict with the Loan Agreement of 1918, in which China accepted Japan's proposal to finance a line from Kaiyuan (on the S. M. R.) to Kirin, via Hailung. In answer to each of these contentions the Mukden Government has declared that the railway, having been built by private funds, is outside the scope of both the pertinent treaty and loan agreement. Since neither was approved by the people, the Mukden Government does not feel bound to enforce them. Thus China would have it appear that the railway is not a government enterprise. As a matter of fact, there is considerable private capital invested, but since both the Kirin and Fengtien governments heavily

Japanese cherry trees in blossom at Dairen within the Japanese leased zone or Kwantung Peninsula in Manchuria. Japanese colonists always take their cherry trees with them.



The building of the Far Eastern Bank (Dalbank) in Harbin, a Chinese Corporation containing joint Chinese-Russian capital. This bank also has a branch in Shanghai.

subsidized the building of the line, it at least must be classed as a semi-official project. The truth is that China, having been defeated at every turn in her frank attempts to extend railways of her own, at last has resorted to subterfuge and half-evasion of the paralyzing agreements to which the Japanese wish so rigidly to adhere.

Lines Unopposed by Japanese

The second construction to which the Japanese raise similar objections is the Takushan-Payintala (Tungliao) line, 125 miles long, which connects the frontiers of the fertile, though little developed regions of Eastern Inner Mongolia, with the Peiping-Mukden line. On the plea that this route is directly in opposition to the Treaty of 1905, Japan is preparing formally to open negotiations with China regarding its legitimacy. Undoubtedly their contention is well founded. Not only does it run approximately parallel to the S. M. R., but it clearly offers a serious threat to the Payintala-Chenchiatun-Ssupingkai railway which, as already explained, is a semi-Japanese route.

Other lines recently constructed with Chinese capital, and by Chinese engineers, hear no criticism from Japan. They are the Hulan-Hailun Railway, operating for 70 miles, from a point near Harbin; the Angachi-Tsitsihar extension of 17 miles, being of a projected communication to Heiho, on the Amur River, opposite Blagoveschensk, in Siberia; the Neurho-Tayaokou Colliery Line, 18 miles; and the Kaiyuan-Haifeng Railway, 40 miles, which is the spur built for the now obsolete project of the Kaiyuan Hailung line. All of these are "unobjectionable," say the hierarchs of the South Manchuria Company, since they are "built in accordance with the general scheme of railway systems in Manchuria." I.e., they act as tributaries to the Japanese-owned Dairen-Changchun line.

As for the railways at present projected by the Chinese, Japan finds cause for vigorously objecting to at least two. According to the plans of the Mukden Communications Committee, recently announced by its chairman, General Kiao Chi-yi, China will shortly undertake the building of the line from Paipintala (Tungliao) to Jehol (Chengteh). Funds for its construction, it is said, "already have been pledged", though from what source it has not yet been made clear. Japan, pointing to the special loan agreement of 1918, which specially states that this railway is to be built with Japanese funds, declares this venture to be a flagrant violation of China's pledge.

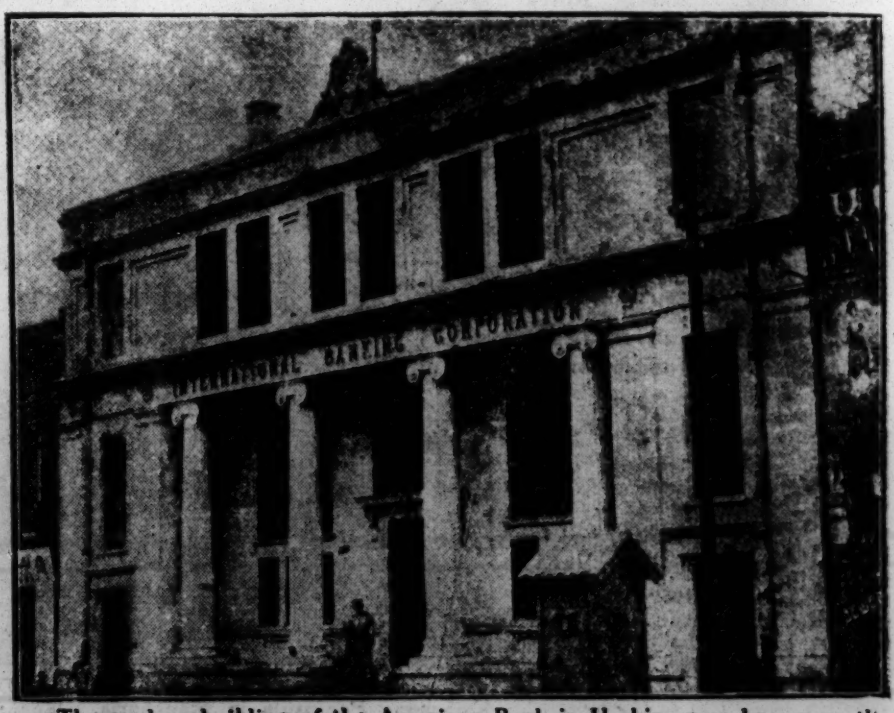
The projected Tsitsihar-Heiho line, 245 miles; as yet has not been the object of intensive attack by the Japanese, but it is expected that as soon as it shows prospects of being completed, a vigorous protest will be lodged. Study of the map will reveal that a realization of this scheme would mean the near equivalent of the old Chinchow-Aigun railway, proposed by Willard Straight, many years ago. At that time Japan strenuously opposed the project, which, as the reader may note from the map, would have given China control of a main line about twice as long as and running parallel to the South Manchuria. It was planned that this great trunk system would be developed with the Hulatao (or Lienshanwan) as its port. But the world heeded Japan, and the project was dropped.

Along the northwestern border of Heilungkiang, another important project is soon to be undertaken. The Chinese have announced that $1,000,000 already has been secured for capital to begin the construction of the Taonan-Solun line, which will open up the long neglected, but fertile regions of the Turho valley. Under General Chow Tso-wa much of this territory already is being populated by Honanese farmers, numbering some 5,000, recently brought to Manchuria by the government. A special colonization bureau, which has at its disposal about 5,000,000 acres, is offering the inducements of free land and government aid to ambitious immigrants from the famine-stricken provinces of China. It is planned eventually to extend the Taonan-Solun line to Hailar, there to interest the Sino-Russian Chinese Eastern Railway. While hardly likely that the Japanese will offer any remonstrance against this construction, it is quite possible that Russia later may attempt to thwart it.

Loan Agreement of 1918

Also mentioned in the Loan Agreement of 1918 was the building of a line from Changchun, railhead of the S. M. R., to Taonan, via Yuyu, a distance of 180 miles. This, then, must be included as one of the lines likely to be tackled in the near future. Especially so, when one recalls that Japan already has advanced Yen 10,000,000 for its construction. Under this same agreement Japan furnished Yen 20,000,000 for the two other lines already discussed. It is perhaps important that the major items in connection with that somewhat notorious arrangement should be fully emphasized here. Accordingly, we quote from the official *Progress in Manchuria* which neatly summaries this negotiation;

"By an agreement relating to railway loans in Manchuria and Inner Mongolia, signed on September 18, 1918,



The modern building of the American Bank in Harbin, now known as the National City Bank.

the funds of the following four railways were to be furnished by a syndicate of three Japanese chartered banks:

a. From Kirin to Kaiyuan, via Hailungcheng.. 230 miles
b. From Changchun to Taonan ..... 180 miles
c. From Taonan to Jehol ..... 470 miles
d. From a point on the Taonan-Jehol Railway to a seaport..... 220 miles

"The priority right for furnishing loans to the Kirin-Hailungcheng line and the Taonan-Jehol line provided for in exchange of notes of 1913, was decided definitely in favor of Japanese capital according to the 1918 agreement. By this agreement the Taonan-Jehol line was to be extended to a seaport. These lines, totalling more than a thousand miles, were to cost more than Yen 75,000,000, *of which the Japanese syndicate advanced Yen* 20,000,000.

"By another railway loan agreement, signed June 18, 1918, the Kirin-Huining line was to be constructed with funds furnished by a syndicate of three chartered Japanese banks. An *advance of Yen* 10,000,000 *was made when this agreement was signed.* This line was to connect the Kirin-Changchun Railway with the Korean Government Railway at Huining, or Kainei, on the Japan Sea coast of Korea."

It already has been shown how China disregarded this agreement's provisions in respect to "a" and "d" railways, and how she apparently intends to ignore it in respect to line "c." As is well known, of course, this contract was made by Japan at a time when China's so-called national government was corrupt to the core, so dangerously corrupt that no power other than Japan would have been so daring as to take advantage of it. Japan mus have known that the Yen 30,000,000 paid over by her would never be used in purchasing railway materials. It promptly was absorbed by the political robbers at the head of the Peking government, and no effort was made toward a beginning of the construction for which it ostensibly was meant. But the granting of those loans bound the bargain. Japan could not have cared very much what happened to that money. It gave her the thing she wanted—or so she suppose—a strangle hold on South Manchuria and Eastern Inner Mongolia. It is hardly necessary to point out that the world's sympathy is all with the Chinese, in this instance, if Nanking continues to refuse to recognize that loan agreement.

Possible Developments

Such being the portrait of the Sino-Japanese interests in the country north of the Great Wall today, one well may ask: *Which Way Manchuria?* Will the end of the next decade find Japan more strongly intrenched here, more secure than ever? Or will China have succeeded in reestablishing most of this country as her own?

Japan's advantages in the coming conflict appear to be almost insurmountable. She has everything that China at present has not. She practically dominates Manchuria economically. Through her port of Dairen more than a tenth of the total trade of all China is conducted, a figure which reached over 376,000,000 taels in 1928. This rich port is Japan's, by a 99-year lease, which does not expire till 1997. The wealthiest coal mines, with seams almost inexhaustible, are owned and operated by Japan, and she has secured important lumber concessions. She is making enormous profits from the South Manchuria Railway Company, said to be the most lucrative line in the world. In 1928 the company paid a dividend of 22,000,000 yen to her shareholders, and the total net profit of all its enterprises was over 36,000,000 yen. It must be understood that the Japanese Government is the most important "shareholder" and hence received most of the dividends. All the riches which Japan's Manchuria concessions bring to her mean that much greater resources for "protection of her special rights." The Japanese investment in Manchuria now totals 1,563,000,000 yen. Of this amount Japanese corporations are listed as having invested 439,000,000 yen, while Japanese individuals are said to have invested about 95,000,000 yen. Japan claims to have a million subjects in Manchuria—about ¾ of them being Koreans. Although she theoretically governs only 1500 square miles of territory, including her railway zones, her actual control extends much further. Within the network of railways financed and controlled by her are inclosed the wealthiest and most extensive valleys of Manchuria.

Thus it is seen that in her favor Japan has practically unlimited resources, present economic control, a record of accomplishment, a strong government, and treaties which, if not annulled, preclude the dangers of competition.

Against these advantages of Japan, China has little but the nominal possession of Manchuria, a possession which is robbed of importance when the very heart of it is the guarded territory of another country. Industrially and commercially the arena of South Manchuria already is monopolized by the Japanese. True there is plenty of chance for further growth, but the fruits of that progress lose their allure when it is realized that Japan and the South Manchuria Railway will be the ultimate beneficiaries. Even if China had a strong National Government, the task of "reclaiming" from the Japanese would be most difficult.

Eastern Inner Mongolia

However, although China has lost her hold on the best part of South Manchuria, she still has a great opportunity independently to develop Eastern Inner Mongolia. The opulent valleys and plains north of Peking remain largely her prerogative. If she proceeds with the building of the Taonan-Solun line, and succeeds in constructing the Paiyintala (Tungliao)—Jehol Railway, she can yet make of Hulatao a great port. Yet even here one meets the obstacle of the Japanese. Besides indicating that she will oppose the building of the Paiyintala-Jehol line, if constructed with Chinese capital, it must be recalled that she controls, through her major financial interests, the Taonan-Paiyintala-Ssupingkai, and the Taonan-Angachi lines, which she now uses as feeders to the S. M. R. Those two lines must, of course, form important links in a trunk system which is to evolve at Hulatao. If, by connecting them on the north with the projected Taonan-Solun line, and on the south with the Chinese-owned Paiyintala-Takushan, and Peiping-Mukden lines, they were to form a main system leading to an improved port at Hulatao, is it not probable that Japan would kill the scheme by refusing to cooperate with the two railways in which her administrative influence is predominant? She could easily use as an excuse the Treaty of 1905, claiming that these lines, as they would then function, jeopardized the interests of the South Manchuria Railway.

Chang Hseuh-liang recently told the author that his government was preparing to spend $30,000,000 in improving the port at Hulatao, principally by building a breakwater, wharves, railway siding, etc. The reader will locate Hulatao on the map, just across the bay from

Soya beans piled at one of the stations along the Japanese Government-owned South Manchuria Railway. The growing of soya beans is a chief industry of Chinese farmers in Manchuria while the exportation of soya-bean oil and oil-cake is a chief industry of the Japanese and a chief source of revenue for the Japanese railway.

Soya-bean cake piled in the warehouse on the Japanese jetty at Dairen awaiting shipment to Japan. "Beancake" s the residue after the oil has been pressed from the Soya beanis

Newchwang. Facing the Gulf of Liaotung, it is practically ice-free in the winter, and as a natural harbor will hold about 10 ships of 5,000 tons each. The Chinese long have cherished the hope that it some day might be developed as a rival of Dairen. Aware of this, the Japanese' chief motive in securing control of railways in western Manchuria and Eastern Inner Mongolia undoubtedly has been to safeguard against it. Her success has not been as complete as she wished. But, as suggested, her influence may still be sufficient to make Hulatao unfeasible.

Of course China has the right, nay, the obligation, to buy control of the two lines mentioned above, as well all the others which it has been shown are so heavily mortgaged by the Japanese. But will she, can she, ever do it? According to the South Manchuria Railway, China owes Japan about 327,000,000 yen in loans advanced for the development of Manchurian railways and industry. Rather a staggering sum. The Mukden Government, even if it were competent, sound, conscientious, shrewd—in fact, all the things that obviously it is not—could sarcely hope to meet these obligations within the specified time limits, especially while the Japanese control most of the wealth-producing enterprise of the country. The fact is that the amortization payments on nearly all these loans have not been kept up, even though the Japanese themselves command the disbursement of funds secured from the railways! So there is little reason to assume that, unaided, the Mukden Government will be able to unshackle Manchuria from Japan, since it has demonstrated its inability to cope with the situation in the past. If the Nanking Government, to which it now seems probable the administration of Manchuria eventually may fall, proves itself capable, there is slightly more hope that the creditors may be satisfied. But, 327,000,000 yen—where will Nanking get the money? These Japanese financed lines are closed to the Consortium; China cannot refund those obligations through new loans from America and the other powers. She must supply the money by herself, and who is optimistic enough to believe that the Ministry of Railways, with so many imperative projects in China proper facing her, ever will be able to collect sufficient reserve to buy over these lines from Japan? How sure must be Japan's feeling in this respect! How certain her conviction that her interest in Manchurian railways is, to put it colloquially, "in the bag", for years to come!

Economic Exploitation and Territorial Aspirations

Undoubtedly the author will be accused of having confounded economic exploitation with territorial aspirations. Japan loves to draw a comparison between the way her capital is developing Manchuria and the way European capital was used in America. It is absurd. No such analogy exists. Foreign capital was invested in America on a cooperative basis. Americans never sacrificed their territory, their political jurisdiction. They were not obliged to "sell" their country to aggressive outsiders. Such things as 99-year leases, the privilege of armed invasion, mining, forestry and railway monopolies, and similar outrageous concessions would not have been considered for a moment. The control remained always with Americans, for Americans, by Americans. Had this not been so, there would be no United States today, but a group of quarreling European colonies, straining at their leach. Japan might better see a parallelism between her work in Manchuria and that of Great Britain in India. The British also began with a peaceful "commercial invasion", gradually securing stronger and stronger concessions. In the end, it was a handful of traders who made possible England's conquest of India.

The essense of the matter is that the presence of such large Japanese capital in Manchuria must remain the most dangerous existing threat to China's severeignty. To say this, it is not necessary to overlook the numerous benefits resulting from the introduction of that capital. It has been indelibly impressed upon the world that the gifts of the conquerer to the conquered are ever bitter—and in the end costly. This is peculiarly so in Manchuria. The Chinese, while living more salubriously than they might at present dwell elsewhere in China, are ever conscious that the threat of war hangs over them. Let her interests be endangered in the slightest, and it is difficult to believe Japan would hesitate to invade Manchuria, placing her military machine in control. She repeatedly has stated that she will do this. She already has demonstrated it in Shantung.

Dispassionately, let us consider Japan's hopes for the future of China. What kind of a China will be most profitable for her? A China strong and united? A China that can insist on abrogation of unequal treaties? A China that can demand—and secure—the return of foreign concessions? A China that can abolish extrality because she can guarantee safety and justice to foreigners? A Central Government that can bring Manchuria as close to her as two states of America are to each other? It is a rather beautiful idea, and it is what Japan would have the world believe she would like to see realized. But, well, one doubts it. The Japanese are no supermen; neither are they dolts. And they are far too clever ever to forget that once China has an effective government, Japan once more will become merely a busy little island off the great coast of Asia.

Japan and A Disunited China

Chaos in China is essential to the rounding out of

The Harbin Railway Station of the Chinese Eastern Railway, the scene of the stirring events on July 10 and 11 when the Chinese seized control of the line.

Japan's territorial ambitions for Manchuria—ambitions, be it understood, that it is but natural she should entertain about a country in which she has invested 1500 million yen. Japan can well afford to spend thousands of yen each year to assure the permanances of her position in Manchuria. Gross Profits from the official South Manchurian enterprises controlled by her now exceed 60,000,000 yen a year—oh, she has plenty of surplus to accomplish her ends. It is entirely logical to believe that she will follow the same tactics that have been so successful in the past: corrupting Chinese officials, encouraging revolutionists and insurgents (such as Chang Tsung-chang), exert every effort, unofficially of course, to keep China decentralized, and in general aiming to make China's next ten years of domestic history as ruinous, as devasting as has been the last decade. Most of all, will it not be her unwearying effort to effect the isolation of Manchuria from the rest of China?

Japan could not withdraw from South Manchuria now if she chose, and it is by no means to be believed that she wishes to forsake the most profitable business she owns. Deep within the heart of every Japanese in Manchuria is a conviction that until the Rising Sun floats unrivalled across South Manchuria, Japan cannot rest. Anyone who has travelled through the railway zones and who has talked with the Japanese must feel that this is so. And people who have had an opportunity to study the existing situation will agree that only the occurence of the unexpected can save for China even nominal control of South Manchuria much longer.

Many believe Japan waits only for an opportunity. If China gives it to her, she will not hesitate to use it to the fullest in driving a hard bargain. Had the Nationalists, for instance, followed the northerners into Manchuria a year ago last spring, such a chance might have presented itself. A few shots fired by unruly Chinese soldiers into a group of Japanese, or a Japanese woman violated on the streets of Mukden—the creation of an incident, like that at Tsinan. Within a few hours Japanese soldiers would have flooded South Manchuria—an armed occupation. Would they have left, a year later, as they did at Shantung? Or would they have remained, as a permanent guarantee of safety? Or would they have gone only when China definitely had signed over to Japan that part of South Manchuria which she has coveted ever since the Sino-Japanese war? It would be entirely inconsistent if Japan did not continue secretly to hope and plot for such a situation, such a chance to seize a Manchurian colony, without incurring the anger of the powers.

Will China give Japan that opportunity? How that question is answered in the next ten years, the next five even, probably also, will decide, *Which Way Manchuria?*

Harbin, June 27, 1929.

HOW THE POLITICAL SITUATION STANDS AT THE BEGINNING TO THE SINO-RUSSIAN CRISIS

(*Continued from page 331*)

Likewise, Chiang's conduct and bearing in Peiping was in such marked contrast with anything the old capital has previously seen that comparisons are not especially favorable to his predecessors. Chiang went to the Hotel de Pekin because it was comfortable and cheaper than occupying some rambling old yamen and having to support a huge retinue in order to maintain the amount of "face" that such an establishment would entail. Rather than make a nuisance of himself to his fellow guests in the hotel, hecut his guards down to the minimum dicatated by common sense and apparently gave them direct instructions as to their conduct, for nobody has yet been heard to complain of a soldier nuisance in the hotel--and you may be sure that by this time there would have been loud roars of anguish from one outraged foreigner or another had the occasion presented itself.

Demonstration of Courage and Simplicity

In fact, General Chiang, in the whole course of his northern visit, carried on in the way one would expect him to if one knows anything at all of the man. Despite a lot of contrary reports, it is very apparent to anyone who has seen the President in action that display and domestic extravagance are the last things in the world to interest him. In Nanking he prowls about with an escort of two or three orderlies and he doesn't travel in an armored car either. I had the pleasure of dining aboard the flagship of the American Yangtze Patrol one night last spring when the Admiral and the Minister entertained in honor of General Chiang. The restricted accomodations of the river gunboat necessitated a small, informal affair. But, in view of his exalted rank, it was natural to expect the President to arrive with a certain degree of ceremony. Chiang Kai-shek certainly played true to his own form that evening. After the rest of the guests were aboard, a quartermaster tumbled up the ladder to breathlessly announce that "The President of China is alongside, sir," to the Admiral. Sure enough, in a motor boat, a little bigger than a minute, stood the President, accompanied by Admiral Chen Shou-kwan, waiting for the quartermaster to bring them up to the gangway. and had that worthy tar not insisted upon his awaiting the Admiral's arrival there is absolutely no doubt but that China's chief executive would have hopped aboard the Luzon and wandered into the middle of the party unannounced and thought nothing at all of it.

In Peiping it was the same thing, modified a bit by circumstance. With labor troubles and dissension in party ranks and an Anti-Japanese Boycott Association on the rampage, to say nothing of the tangle of political interests brought on by the Feng imbroglio, a certain ameunt of care was exercised by the President, but the fact remains that he gave the north a good look at a new type of government head. He came into the camp of none too friendly generals as their commander-in-chief. He did not once hesitate to make known the fact of his being commander-in-chief and one who intended to be respected and obeyed as such. It pretty straight information from headquarters is not all wrong, it was his courage in announcing to the Shansi generals that in the last analysis it was he and none other, who was in command of China's armies and that disobedience of his orders would bring down serious consequences upon the heads of the disobedient, that finally brought about at least a half-way settlement of the whole northwestern problem. To repeat, if this conference has accomplished nothing else, it has demonstrated to north China that its President is a man of courage and withal, a simple man.

NO SERIOUS DOMESTIC TROUBLE

The foregoing article by Mr. Guptill, which was written at Tientsin at the time of the conference in Peiping between General Chiang Kai-shek, Gen. Yen Hsi-shan and Chang Hsueh-liang and representatives of Marshal Feng Yu-hsiang, indicates that Gen. Chiang's political position in North China, at least from the standpoint of Chinese public opinion has been considerably improved. However, the public is still in the dark regarding the exact terms of settlement which was reached by the four major military leaders. That the present crisis with Soviet Russia had an indirect bearing on the Peiping negotiations now seems quite evident, for Gen. Chang Hsueh-liang's trip to Peiping was undoubtedly taken for the purpose of conferring with Gen. Chiang and Dr. C. T. Wang on the question of the Chinese-Eastern Railway. If Gen. Chiang knew in advance that a serious crisis with Soviet Russia was developing, this would tend to explain why extraordinary efforts were made to reach a peaceful settlement, for had there been an outbreak of war at this time, the added complications with Soviet Russia, would in all probability have proved disastrous for the entire country, not to mention the future of the Central Government. However, now that a peaceful settlement, or at least a temporary compromise has been effected in the North, the Central Government is able to meet the Russian crisis without any serious domestic complications on its hands.

Feng to Remain for the Present

The certain elements in the Northern political situation seem to be that Marshal Feng Yu-hsiang will remain in China, for the present at least, and cooperate with Gen. Yen Hsi-shan in the reorganisation of the Kuominchun troops. A report by the *Kuo Wen* (independent) news service on July 18 stated that Gen. Lu Chung-lih, former Chief-of-staff of Marshal Feng will be entrusted with the reorganization of the Kuominchun troops which are said to number about 250,000 men. Gen. Lu Chung-lin was appointed Acting Minister of War at Nanking, following the break with Feng and remained in. Nanking until the punitive mandate against Feng was issuedt He then came to Shanghai and has remained here in retirement since. A *Kuo Min* report from Peiping on July 10 stated definitely that Gen. Feng would remain in China for the present and that he had released Gen. Yen Hsi-shan from his promise to accompany Feng abroad. The same telegram stated that Feng would remain in Shansi province and cooperate with Gen. Yen in the reorganization of the 2nd and 3rd group armies. As a resnlt of this understanding Gen. Yen has asked to be relieved of his post as Pacification Commissioner of the Northwest and has asked that Gen. Lu Chung-lin be sent North to assist in the work of disbanding and reorganizing the troops. It is expected that this work will be completed in three months. In a telegram to Nanking on July 9 Gen. Yen definitely annouced his decision to remain on the job in the North, pending the completion of military reorganization.

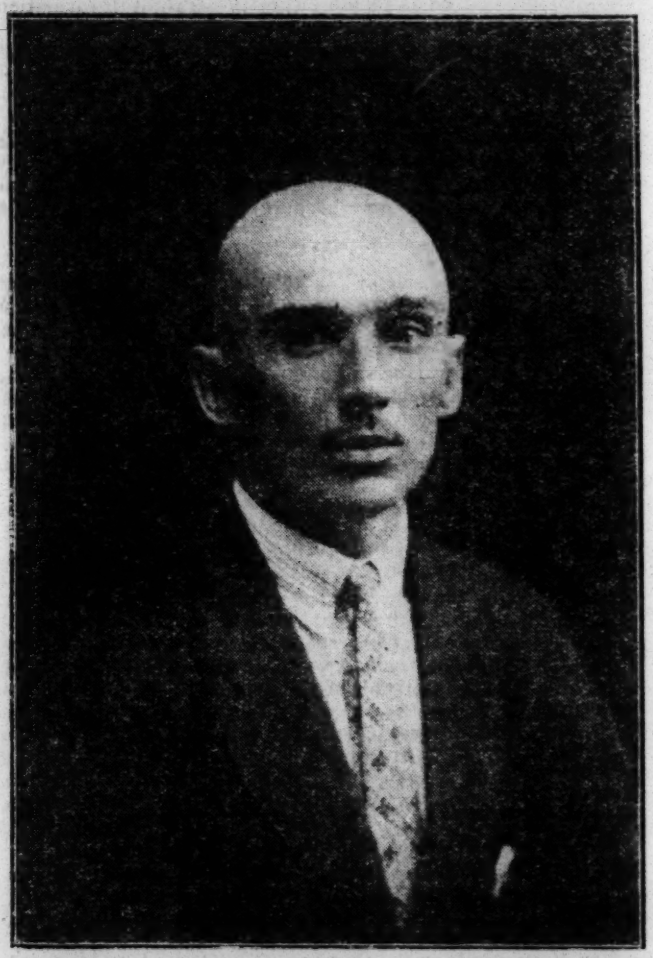
Gen. Chiang's Final Message

On the eve of his departure from Peiping, Gen. Chiang Kai-shek issued the following statement to the Kuomintang organizations in North China.

(*Continued on page 357*)

New Alignment in Pick Case in Shanghai Provisional Court

The case of fraud, forgery, etc, against Eugene Pick *et al.*, in the Shanghai Provisional Court, has taken an interesting turn during the past week. A. E. Kobza, artist, photographer, and handwriting expert, gave a most convincing demonstration of the ease with which signatures may be transferred to documents by means of photographs, and his testimony has seriously affected the value of the document upon which the prosecution mainly relies for its charges of forgery, etc, and relies to some extent for its original charge of fraud. On the other hand, the third accused, Gordin, who was released on bail last week as the Police Prosecutor "was not particularly pressing the case against him," gave testimony unfavorable to the first accused, Pick.



Eugene Pick, alias Kojevnikov, Dr. Cliegel, etc., the center of the sensational disclosures now being made in the Chinese Provisional Court in Shanghai regarding the British Secret service in China.

At the session on July 15 Mr. A. E. Kobza, artist photograher, and handwriting expert, rose to give further evidence. At the previous hearing he had testified that there were indications that all the signatures on the fragment of photograph produced by the prosecution (said to be a portion of a photograph of a license to complainant Chang to open a gaming house) were written by the same person and that the writing was not the same as other exhibits shown him (written by Pick). He pointed out, however, that some governments refused to judge by photographs, requiring originals. He was asked by the court for a complete report, with full details, in response to which Mr. Kobza asked for original documents for examination.

This week he said he had learned that the originals did not exist. With regard to photographic copies, the Hungarian law did not permit an expert to make a statement. "If Mr. Bryan bases his case upon this document, I might brand this document without examination at all as a gross forgery altogether, and I think that Mr. Bryan would not be able to prove the contrary." Certain little marks (difficult for a layman) indicated that the photograph was a composition of several photos. "If the prosecution is based on this photograph, it might turn out just as dangerous for the police themselves, or Mr. Cunningham, or Mr. Blackburn."

Faking A Photograph

Mr. Kobza said that forgeries in the way of photographs are so easy that if such evidence were acceptable it would be nothing else than assisting the forgers. To assist the Court, he had prepared several documents exclusively for the Court's use, to be destroyed immediately after the Court had seen them.

First the expert showed Pick's signature, his own signature, that of the clever cartoonist "Sapajou" (who was present in court), then that of R. T. Bryan, the Police Prosecutor. All were admitted as genuine by the persons referred to. Mr. Kobza then produced a typewritten sheet with the wards: „I have today received the sum of $1,000", and with the word "Witness" in three places underneath for the insertion of names, but with no signatures. After this he produced a photograph showing the same document with Pick's name signed to it, and the signatures of A. E. Kobza, R. T. Bryan, and Sapajou as witnesses, obtained simply by combining different photographs of signatures into a single negative.

The Prosecutor's Signature

In this way, said Mr. Kobza, it is possible to copy not only the signatures of people, but even their portraits. He returned to the original photographic exhibit "A" (the fragment produced by the prosecution) and pointed out that a good photographer could produce exhibits of just this kind. As evidence, he produced a document of similar shape, size, and color, bearing at the bottom, under the typewritten words "In the name of the Shanghai Municipal Police," the unquestioned signature of R. T. Bryan, over the title "Commissioner of the C. I. D."

"I know Mr. Bryan never signed himself as commissioner of the C.I.D.? said the expert. "But here is a photograph. If this can be accepted as proof for a prosecution it would be easy for forgers and very hard for honest people. Everyone could be blackmailed. I beg leave not to give any more evidence on this photograph, and simply disregard it as proof. He was willing to take the matter up when the original document is forthcoming.

Mr. Kobza showed the Court the negatives, showing clearly that there had been no retouching. He gave it as his opinion that the document produced by the prosecution had been made from a series of different photographs. Asked about the handwriting on this photograph, he declined to give any evidence on an imaginary document.

Questioned by the Court, he said he had made his document from genuine signatures. He added that he could take the letters composing someone's name (for example, that of Mr. Cunningham) from someone else's handwriting (for example, Mr. Schuhl's), put them together, photograph them, and prove Mr. Schuhl guilty of forging Mr. Cunningham's name, if photographs are to be accepted as evidence. He could make photos darker in color, if necessary, and reproduce different kinds of paper also,—diplomatic, bond, etc., together with water-marks.

Pick on the Stand

Pick was again called to the stand. Questioned, he said that Cliegel was his mother's name, and that he had applied at Mukden for Latvian citizenship some five months ago under this name, which he had used since 1927, under instructions of the British Intelligence, when traveling.

Owing to inexact interpreting, it was several minutes before the Court could get an answer to the question as to who had offered Pick $1500, and the exact understanding with regard to this offer. Pick said that Aiers had told him that he would receive $1500, not indicating the exact source, and expected him to leave Shanghai when paid this.

Questioned on the document he said he had seen the photograph at C.I.D. head-quarters but never the original. He had not seen the photo sufficiently closely to make out what it was though he was certain that the lower part (signatures) was the same as that produced in court by the prosecution.

With regard to the Greek passport bearing the United States Consular visa with seal, which he previously testified was taken from a Soviet agent on a Russian ship searched at Shanghai two years ago, he was not certain where the visa was issued. It was his opinion that this same seal was used on the document from which the prosecution's photograph was made.

(*Continued on page 358*)

Preserving China's Greatest Art

BY COUNT CARLO SFORZA

Former Italian Minister for Foreign Affairs and Minister to China.

(New York Herald Tribune, May 12.)

PANGLOSS—the immortal character created by Voltaire—was not so far wrong when he pretended that there is no misfortune without its good side.

Even the Chinese anarchy and the Chinese civil war have had their good sides—they have made it impossible for the curio dealers in New York and Europe to continue sending iconoclasts to China. I use the old Byzantine word in its exact meaning of "breakers of holy images," the job of these iconoclasts is, indeed, to discover in the central provinces some isolated Buddhist temple, to bribe the priests and then to saw out and take away the old frescoes painted on the walls.

The Chinese frescoes have become the last word, in fact, of Oriental art. Our fathers loved the bright and healthy vases of the Khang-shi or Chien-lung periods, the "five-colors" vases, as they were called in China.

We, in our turn, brought into fashion the tiny, delicate tapestries which had been woven for the exclusive use of the Imperial Palace and which, previous to the revolution of 1911, had remained quite unknown to students of Chinese art. Neither Paleologue, who began his brilliant literary and diplomatic career as a secretary to the French Legation in Peking and as such wrote an interesting book on "The Chinese Art," nor Bushell, the classical authority on Oriental art, give any attention to the Kos-seus. They probably ignored them—and there was some reason for it.

The Kos-seus had been woven to cover and adorn the interior of the imperial tents when the Emperor and his suite made their interminable trips to Jehol and other distant shooting places. But when, after Chien-lung, the Emperors began to become more and more the effeminate prey of a court in which the eunuchs were the real masters, and left the Forbidden City only to go to the Summer Palace, which was hardly more than a few miles from Peking, the Kos-seus were gradually forgotten in the wardrobes of the imperial household. But they still belonged to the articles of personal imperial destination, and veneration and fear remained strong enough to make them safe.

When, during 1911 and 1912, it became evident that the empire was gone forever, the eunuchs began to provide for their future, and secret bundles began to be smuggled from the palace. It was still too difficult to steal porcelains and jades, but everybody had forgotten everything about the Kos-seus. My wife—I was then Minister to China—my Russian colleague Krupenski, who had been previously a secretary in Washington, and Everts, now Belgian Minister in Berlin, were the pioneers in collecting these new works of art.

Immediately after the Kos-seus we had the invasion of Chinese sculpture. It began with the "discovery" and the looting of the Lungmen caverns in Honan province, near the Yellow River.

In Paris, New York, London and Rome all the apartments belonging to persons with "artistic" tastes were provided at once with the eternal Tang horse, pawing the ground with the right foreleg, and with the no less eternal little figures of nuns, priests, actors—so strangely reminiscent of some heavy Tanagras, where the comical force remains as strong but the Hellenic grace disappears.

Only the war finally led me to return to Europe and to leave a country where I had felt such a complete mental happiness—perhaps because, when in the dust of Chinese history, one judges better our vain Aryan agitation.

The Frescoes

I did not personally assist, therefore, at the last wave in Chinese art fashions—the frescoes. But I had been one of the few who had heard and known something about them, even before the wave. During my travels in Honan province—where I had been visiting some Italian missionaries who had founded hospitals and schools there—I had been surprised by the early Florentine fascination which emanated from frescoes I discovered in some ignored pagodas. The Chinese Christians who composed my suite at once offered to let me have them for a few taels. I bluntly refused. The Italian Minister could not set an example of plundering and destroying Chinese artistic treasures, even if nobody among the Chinese cared in the least.

But, a few days later, in a temple outside one of the gates of a Honan city, I was so struck by the freshness and purity of a big fresco such as one may still find in some Siena Church, that my scruples began to falter. When the bargain was settled and it was decided that the fresco was to be cut out the following morning, what my official considerations had been unable to prevent was accomplished by a sort of religious awe that I am not ashamed to confess.

The greedy faces of the sacristans who were there, indifferent and cold as a Chinese expression can be—no remorse could really have come to me because of them. But the peace of the landscape was so perfect, the tiles of the temple glittered so under the rays of the sun that I did not have the courage to order the destruction of one of the walls. I left with the sacristans the sum I had promised them and went away after having taken only a photograph of the fresco.

I'll never forget the disapproving looks of my Christian friends, who had guessed that my change of mind had been brought about by my respect for a sacred place. Sacred place!—a pagoda where heathens were praying to their "idols"! So certainly they were thinking, in their naive, newly discovered religion.

But even now I do not repent of my decision. I do not repent, even if I regret.

All those—and there are few indeed—who, like me, have admired and loved the Chinese Buddhistic frescoes not in drawing rooms or in public galleries as everybody now does, but in the very temples where the artists painted them, would have done as I felt obliged to do, almost in spite of myself.

Buddhist Origin

Buddhist frescoes, I have called them. It may be that there are some which have a different origin, but I never saw any. All the subjects of the still existing frescoes—most of which are new in America and Europe—and of the many others destroyed during the civil war, represented Bodhisattwas (disciples of the Buddha), Lokopalas (guardians of the Four Quarters), saints, priests and sacristans.

The Bodhisattwas are frequently holding the wheel of the law; the guardians of the Four Quarters generally stand with their scarlet draperies billowing around their gigantic figures, as if in a gale of wind. No higher movement, no greater nobility of poise, has been found by Tintoretto in the saints and prophets he has painted in his gigantic Venice compositions.

What is bewildering about the Chinese frescoes is that they often remind one at the same time of our Italian Primitives, as to composition and general atmosphere, while the portraits, especially when of big proportions, recall somewhat the style of some of the sixteenth century Italian and Spanish painters.

In reality, the best specimens of Chinese mural painting were done by artists living under the Sung dynasty, the golden age of Chinese art—an epoch extending from the tenth to the thirteenth century. Let us modestly acknowledge that it was only at the end of this period that we began, with Giotto, to breathe life into the eyes and figures of Madonnas who for centruies had remained hieratic, cold, Byzantine abstractions.

Some critics have even admitted the possibility that the best frescoes may belong to the Tang dynasty, extending from 618 to 906 A.D. Nobody ever will be able to say with certainty. Personally I believe that, even in this case, it is dangerous to look for ancient periods in China. We must not forget that Chinese artists in every field always humbly reproduced past forms, even when they did so with supreme excellence. Just as the canons of poetic form, images and diction have become crystallized by the Book of Poetry, so in the plastic art the admirable quality of primitive forms and expressions resulted in a tendency toward a curious kind of artistic fixity.

So it happens that the poor sinologues perhaps may be met with the problem of two unknown artists of equal merit, separated by six or seven centuries, but each dealing with an identical subject in exactly the same manner.

An even stranger case is known by collectors of porcelains; there was a charming period for porcelain, as late as the eighteenth century, under the Emperor Yung-chen. Artists of that period, of course, took pride in reproducing false porcelains of preceding reigns, but we are sure that certain vases belong to the Yung-chen period in spite of the fact that they are dated and sealed as of two or three hundred years earlier.

I cite this case because it came up almost every day in the Peking of fifteen years ago. It was not difficult

for old collectors to find a piece of pottery, undoubtedly Tang in manner, but which proved to be a Ming archeological copy of a Sung archeological reproduction of a vanished Tang vase.

Rapid Production

The colors of the frescoes retain a freshness which is amazing when one thinks that, even without accepting the hypothesis of a Tang origin, they surely belong to the twelfth or thirteenth century. The drawing is—or, to be more exact, it gives the impression of being—a melange of a late Byzantine manner, as in the Kahrie mosque in Constantinople, with the freer and fresher manner of an Italian *Quattrocento.* Only one has the impression that the execution was much more rapid than in thirteenth century Italy—a sort of mass production eight centuries before industrial America. Even today the period of transferring completed ideas to painting is much more rapid with Chinese and Japanese artists than with European or American artists. But are we sure that, with them, the period of contemplation is not longer than with us, harassed as we are by our feverish life?

Morever, now, as then, the Chinese artist sets out with a more completely accepted idea that, after all, what is wanted from him is decoration. The fact that he works under certain artistic conventions which have existed for centuries makes the task easier for him.

The British Museum has recently bought some frescoes, marvels of dignity and of grandeur of conception. A great fresco, Avalokitesvara, standing between two Bodhisattwas, is probably the first example of Chinese primitive painting that has ever come to the West.

To the Western mind Chinese art stood for too long a time for something pretty. Did not the French even coin a word, *Chinoiserie* meaning grotesque or artificial? These mural paintings, now that the best of them have been transferred to Europe and, in a minor proportion, to America, are probably going to make it understood to everybody that there is also a Chinese art, not only pretty, but as noble and as alive as the Italian primitives. More than that! They not only impress one with a dignity and a grandeur of conception that nobody believed might be found in China, but, what is more important—may I dare to say, more moving—is that they give the impression of a link, as strong as it has been, up to now, unsuspected, between the Chinese artistic inspiration and the inspiration of the Renaissance.

Western Ideas from China?

A deepened study of the Honan and Cheli frescoes provokes a series of sensations that one is almost afraid to develop lest he appear anti-patriotic regarding our common Western patrimony and pride. Which art is the most original? Is it so certainly the European art? European art was Hellenic. . . . And why were our artistic origins only Hellenic? Have we not ideas and expressions which were—before us—Egyptian or Chinese?

One may not like the Chinese porcelains. In fact, the Kang-shi "five-colors" are now out of fashion. They age a drawing room, just as a lady, even though she is but twenty-five, is aged when she dares to have a Pekingese for her pet. Just as the Pekingese are now the lot of old ladies, so the Kang-shi porcelains are to be found only in old country houses.

One may not like the old Sung paintings on silk, of which some beautiful specimens are to be found in the Metropolitan Museum in New York—beautiful portraits, drawn with a few severe lines, so startling in their aristocratic simplicity that after having seen them for years I was obliged to make an effort, when coming back to Europe, to understand and admire again Titian and Velasquez.

But no one can shrug his shoulders—no one with any sense of beauty at all—and say, after having seen the graceful, simple lines and the life movement of the Sung frescoes:

"I do not like, I do not understand Chinese painting."

It is for me an admirable mystery that frescoes painted seven or eight hundred years ago, by unknown artists, in distant Cathay, of whose existence Europe was hardly aware (Marco Polo went to China and wrote his "Million" one or two centuries later) appear so strikingly related to the Siena and Florence altar screens of the thirteenth and fourteenth centuries—perhaps with even more life, with even more of that *naturel* that the Italians mastered only a century later, in our immortal *Quattrocento.*

Now, probably, what are left intact of the Sung frescoes are to be found more in Europe and America than in China. During the endless Chinese civil war the glittering blue or green tiles of the Buddhist temples seemed a happy target for the aviators of both armies. Like their infantry and their general staffs, they seemed to have come to a sort of silent, symbolic agreement not to hurt each other, or, at least, to hurt each other as little as possible, but to destroy together the vestiges of a luminous past, of which both factions appeared to be equally descended.

I am afraid that it is too beautiful to hope that, now that many of the spared frescoes have come to the West and have been "discovered" by the West, they might teach us that nationalities are to be loved as living flames of art and poetry and ideals; but that each nationality has treasures of beauty and art, and that a secret common link binds them.

National feelings, once we might become conscious of that link, ought to create love, not hatreds.

As Mazzini, the great democratic apostle of the Italy of my great-grandfathers, used to say, "I love and admire all nations, because I love my nation."

School Play Alleged To Have Insulted China's Sage

(The following is a verbatim report, issued by the Kuo Wen (independent) news agency, regarding an interesting legal action that has been brought in the Chinese court at Tsinan, the capital of Shantung Province.)

Tsinan, July 14.-An exceptionally interesting litigation was filed recently with the local court by the Kung Clan of Chufu, the direct descendants of Confucius, China's greatest Sage, against the Second Provincial Normal College on the ground that accused had staged a play on "The Confucius visit to the Queen of Wai State". In that, according to the story in the classics, Nantse, Duke Wai Lin's favourite, was noted for her beauty but she was not so popular in her morality as she appeared to be. In accordance with the then ceremonies, if the minister of one state happened to visit the duke or king of another he should also pay his respect to the queen or duchess, whatever it might be. Under these circumstances, Confucius, the then Minister of the State of Lu, as a guest in the State of Wai should have called on Nantse, regardless of her personality. On being advised to that effect Tse Lu, the Sage's most straightforward disciple, at once asked his Master with much boldness why should he call on such a woman, as such visit would deteriorate his dignity. The Master then explained him that this was merely the ceremony in the relations between states and he being minister of one state should pay his respects to the ruling class of another. The disciple's temper was then slowly cooling down.

The contention in the present case is that the students had intentionally meant to insult the Sage and should be punished justly. However, the Board of Education in Tsinan is of the opinion that plaintiff's argument is not strong enough for a litigation and the matter is said to have been referred to the Ministry of Education in Nanking.

Hallett Abend Appointed Times Correspondent at Shanghai

Hallett Abend, correspondent for the New York *Times* in Peiping, who was ordered deported by the National Government, has been appointed chief correspondent for *The Times* in China and will be stationed in Shanghai according to a *Reuters* report from Peiping last week. H. F. Misselwitz, who has been correspondent for *The Times* in Shanghai, will probably be assigned to Manchuria until his return to the United States this fall. The decision of *The Times* to send Mr. Abend to Shanghai apparently was for the purpose of preventing the censorship of his messages as the National Government sometime ago issued orders forbidding the Chinese Telegraph Administration to transmit his messages from points in the interior of China.

Engagement Announced of Kuangson Young and Miss Yuyun Yen

Mr. and Mrs. Tsze-King Yen of Shanghai have announced the engagement of their daughter Miss Juliana Yuyun to C. Kuangson Young. Miss Yen is a senior student at Fuh Tan Uuiversity Shanghai, while Mr. Young is director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs of the National Government. Mr. Young was formerly secretary to Dr. Sao-ke Alfred Sze, Chinese Minister at Washington.

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Shanghai Motor Bus Co. Links up Greater Shanghai

BY B. Y. LEE 李炳郁

SINCE the Nationalists have got in control of Shanghai during the past two years, many new roads have been built and many old roads have been repaired and paved, linking Greater Shanghai with many interior cities and towns. In order to facilitate communications between these cities the Shanghai Motor Bus Company has come into existence. It is one of many commercial undertakings recently organised in Shanghai by oversea Chinese who are mostly Cantonese from America, and Austrialia.

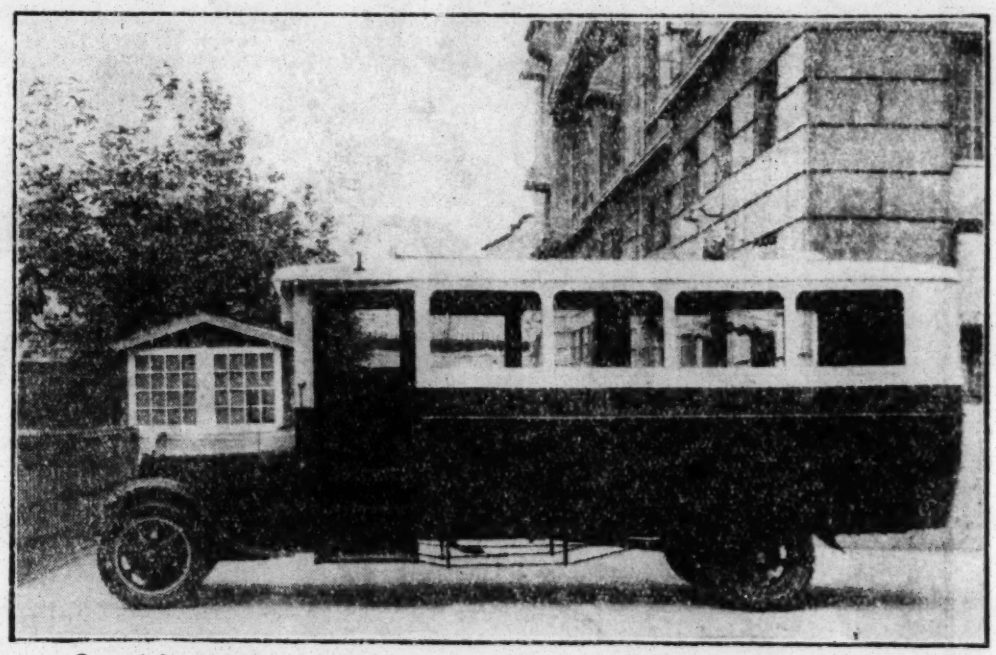
The Shanghai Motor Bus Company was organised in 1928 at Hong Kong with a capital of $50,000. The shareholders are principally the oversea Cantonese. The managing director, Mr. Louis, is also an oversea Cantonese. In spring of this year the initial capital was increased to $100,000 divided into 500 shares of $20 each. There are 21 cars now in operation; 12 are Chevrolet and 9 are Ford cars. They were ordered through The Bill Motor Company representing the Ford Factory and The Hartzenbusch Motor Company representing the Chevrolet Factory. The cars are of 40 H P each with a capacity of 40 persons. They are all painted yellow. A special charter for 12 has been granted by the Nationalist Government.

The Company is operating three routes; the number one route runs between the North Station in Chapei and Kiangwan Railroad Station. Eight cars are used on this route, which is at present the most profitable and the busiest route of the three. The fares from the starting point to the destination are only 30 coppers. There is a car in every 15 minutes. On account of the quick service and low fares, the company gives great benefit to the residents in this community. Since the operation of this motor bus company, the number of public richshas has been reduced by more than half. The busiest hours are from 8 to 9 in the morning and from 5 to 8 in the evening. The first car starts at 6:30 A. M., the last car stops at 10:30 P. M.

The third route is from the North Station to Chenju, at the Chinan University Campus. Four cars are used on this route, so there is one every 30 minutes. The fares are 36 coppers from the starting point to the destination. This route was started in May this year. Before this time there were many "wild cat" motor cars carrying passengers from the North Station to the Chinan University for 20 cents each and many "bicycle" richshas charging 30 cents for each passenger and taking more than three quarters of an hour between these two points. Now practically all these vehicles have disappeared. The road on this route is not in very good shape, and during the rainy days cars running on this road are given many bad jerks. The drivers of busses run their cars very slowly and are instructed to pay special attention to pedestrians, who are mostly countrymen not knowing how to run when they see a car coming toward them. Once the driver of a car blew his horn many times while the car was running near a farmer who stood in front of the car and asked, "What is the matter?"

The second route is from the corner of Jukiang and North Szechuen Roads to the Sing Dah Bridge near the Markham Road Bridge in the Chinese area. This district is one of the poorest in Chapei so this is the poorest of three routes for the Bus Company. As this route has been assigned by the authorities of Greater Shanghai, the Company has to keep on running it inspite of daily loss. All along this route the roads are narrow, dirty, and crooked, and pedestrians are numerous. A little careless action on the part of a car may cause an accident. The fares from the starting point to the destination are 25 coppers. There are from two to four running on this route as the business is very poor and the number of passengers per trip has not average more than a dozen.

The administrative office and the yard of the company is located at Chao-Tung Road, Chapei, just behind the North Railroad Station. The yard occupies two and half mow of land. The number of employees is about 100 persons including office men and drivers. The total amount of wages and salaries per month is over $3,000. The drivers receive from $35 to $40 per month; the conductors, $20; while the machinists, $80 per month. The daily consumption of gasoline amounts from 145 to 150 gallons, which is supplied by the Standard Oil Company. The license fees per car per season are $54. As roads are rough, narrow, and crooked, the drivers are instructed to run their cars at a very low speed in order to avoid accidents. At present one gallon of gasoline is consumed in every 12 miles on the average. Cars have frequently been damaged on account of bad conditions of the roads. As soon as the political conditions are more settled, new routes will be opened to connect many neighboring sections around Greater Shanghai.



One of the 21 buses now being operated by the Shanghai Motor Bus Company. The buses, which are painted yellow, are of 40 H. P. each and have a capacity of 40 persons.

American Newspapermen in Nanking

Five of the group of American newspapermen now touring the Far East visited Nanking on Saturday, July 13. Those who made the trip to the Capital were Judge M. Lewis, Harry D. Wakerfield, Francis E. Regal, Paul W. Wright and George A. Finch, who acted as the leader of the party. Immediately upon their arrival the journalists called upon the various government leaders. At noon they were luncheon guests of the Central Kuomintang at the Party Headquarters and in the afternoon they visited Sun Yat-sen's mausoleum, placing a wreath on the tomb there.

Shortly before noon they called at the foreign office where, in the absence of C. T. Wang, they were welcomed by M. T. Z. Tyau, Counsellor of the Ministry of Foreign Affairs. In his address of welcome, Dr. Tyau urged the newspapermen to do all in their power, upon their return to the United States, to bring about a sympathetic attitude on the part of the American Government and the American people toward the aspirations of China, particularly in regard to the abolition of unequal treaties, which the National Government, according to the plan outlined byChiang Kai-shek, hopes bring about within three year.

Recently, he said, there has been some misunderstanding in regard to the attitude of the National Government toward the Press. The National Government has no desire to suppress the Press, he declared; but since it has been recently established and there are many reactionary elements in the country, criticism must be constructive and reports published must be substantiated by facts.

The party returned to Shanghai Saturday night.

The Statistical Monthly

The May issue of the Statistical Monthly, published by the Bureau of Statistics of the Legislative Yuan in Nanking, contains three articles on population, one article on coastal trade statistics and a survey of the statistical work of the Kuomintang party and the Central and Provincial Governments. It also contains reports of investigations and of work done by the Bureau in April.

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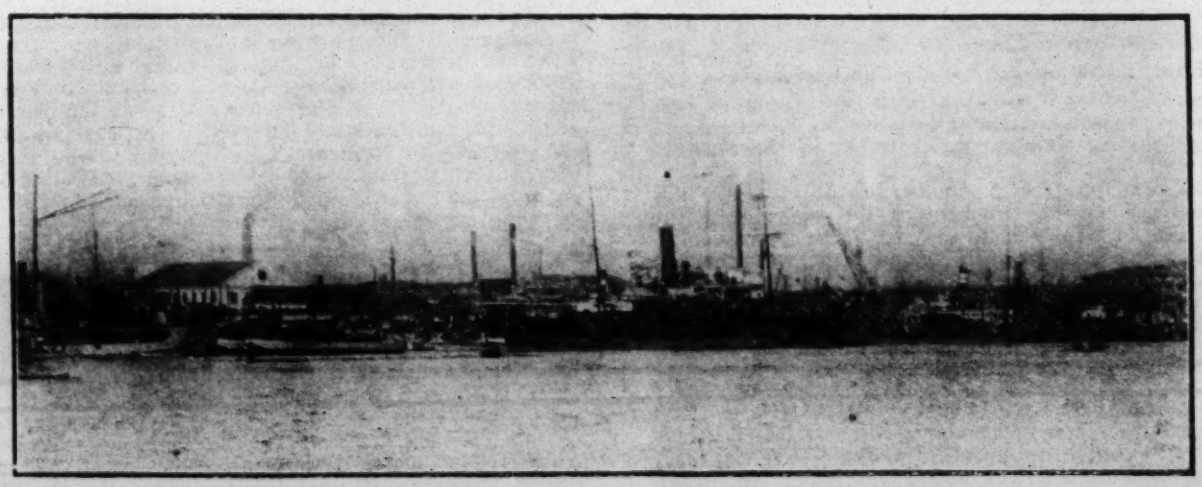

Demand for Yuan Dollars Consumess Shanghai's Silver Imports

BY CONSUL J. C. HUSTON

(U. S. Commerce Reports, June 10)

From the low in February, Shanghai exchange advanced to $70.375 for 100 Shanghai taels on May 25, the high for the year. The course of exchange rates during 1928 for Shanghai telegraphic transfer on New York was as follows:

	Average United States
January	$63.150
February	62.500
March	62.500
April	62.681
May	65.620
June	65.695
July	64.677
August	64.281
September	63.344
October	63.509
November	63.625
December	62.916

Cause of Fluctuation

The immediate cause of the rise in April and May was the clash between the Chinese and Japanese at Tsinan, which preciptitated a heavy selling of yen. Another contributory factor was increasing tightness of the local money market owing to the decline of Shanghai silver stocks. This shortage was incident to the resumption of work by the mints at Nanking and Hangchow, both of which took about 500 bars of silver per day. The low level in silver stocks was reached with only approximately 40,000,000 taels as compared with over 60,000,000 taels at the end of the year.

Heavy shipments of silver from America, India, and other parts of the world immediately followed. In June these shipments began to arrive and continued to pour into Shanghai, with the result that for the year the amount entered at the Chinese Maritime Customs totaled 124,835,069 ounces. This was unusually large when compared with an import of 98,000,000 ounces in 1927.

World's Consumption of Silver in 1928

Next to China, India was the largest consumer of silver during 1928, taking no less than 110,000,000 ounces. The total 1928 consumption of silver was in excess of the world's production (249,000,000 ounces), which was supplemented by the sale of 22,500,000 ounces from the currency reserve of the Government of India, 19,000,000 from demonetized French coins, 13,000,000 from demonetized Belgian coins, and 5,500,000 from the debasement of British coinage. A total of 60,000,000 ounces was thus thrown upon the market. Under the circumstances, China proved to be the chief support of the world's silver market during the year.

China's Imports Minted

Approximately 89 per cent of China's bar-silver importation during 1928 was minted into silver dollars, for which there has been an increasing demand up country on account of the suspicion of the natives in regard to many varieties of bank notes issued by the various provincial governments. The dumping of the above-mentioned reserves on the world markets might have depressed silver prices disastrously, had it not been for this situation in China.

Effect of Nationalist Victories on Exchange

The arrival of the Nationalist Army in Peking in June, 1928, marked the inauguration of a six months era of peaceful conditions, bringing about an easier feeling in the Shanghai exchange market. Silver prices receded steadily to a low of 26 3/16 pence on December 13. Another important factor contributing to the downward movment of the exchange market was the placing of large orders for merchandise to be imported before the 1st of February, when the new tariff was scheduled to go into effect. Huge supplies of bar silver arriving in Shanghai during the last quarter resulted in a drop in the price of the local dollar to a point below the cost of production and created an easy feeling in local money circles

Nankai University Bulletin

The Nankai University Committe on Social and Economic Research at Tientsin published in May of this year a bulletin on wholesale Prices and Price Index Numbers in North China for the years 1913 to 1929. The bulletin is the first of a series of annual numbers on the subject. It was prepared under the direction of Franklin L. Ho, director of research in the University.

Under Secretary of the Kemmerer Commission

Dr. Frank W. Fetter, under secretary of the Kemmerer Commission of Financial Experts, now serving in China, was born in 1899. He received an A.B. degree from Swathmore College in 1920, an A. M. from Princeton University in 1922 and Harvard University in 1924 and a Ph. D. from Princeton University in 1926.

Frank W. Fetter

He has had the following professioual and teaching experience: in 1923 he was with the United States Bureau of Foreign and Domestic Commerce, working on the survey of world trade in agricultural products; in 1924, he was Secretary to Dr. Kemmerer in connection with the latter's work in Guatemala on a plan for banking, currency, and fiscal reform; 1924-25, he was an instructor in economics at Princeton University and again in 1927-28; in 1925, he went out with the commission of financial advisers to the Government of Chile, acting as secretary to the chairman. Here he remained for three months after the return of the commission, working in connection with the opening of the Central Bank of Chile. In 1926-27, he was with the American commission of financial advisers to Poland, Ecuador and Bolivia, as secretary to the chairman. In 1928 he became assistant professor of economics at Princeton.

Dr. Fetter is joint author of the trade information bulletin of the United States Department of Commerce, "Foreign Import Duties on Wheat, Wheat Flour, Meat and Meat Products." He is also author of several periodical articles on monetary and financial conditions in South America.

Work on Irrigation Project Begun

On July 4 work was formally begun on the $600,000 irrigation project which is to put water from the Yellow River onto 12,000 square miles of fertile land and, it is hoped, permanently end famines from drought in the Saratsi region.

Although the fromal opening took place July 4, 3,500 men were already at work before then, and 600 new workers were being taken on daily. When the work is running at full speed, 20,000 laborers will be employed and paid in food for themselves and their families. The Suiyuan government is putting up $250,000 for the work and the balance of the cost comes from various sources, chiefly the United States, through the C. I. F. R. C.

In the five months from February 1 to July 1 of this year, according to a summary of records just completed, the C. I. F. R. C. has delivered 7,263 tons of grain, with a total cost of $406,875.65, in the famine areas. The Commission was able to get the grain delivered at about $20 less a ton than the best market price in Mukden. The low price was largely due to the efforts of General Chu Ching-lan, who bought on behalf of the Commission in centers along the Peiping-Mukden Railway, and to the free transportation granted by the government railways.

Dr. H. H. Kung, Minister of Industry, Returns to Shanghai

Dr. H. H. Kung, Minister of Industry, Commerce and Labor, has returned to Shanghai from a trip to Peiping and Taiyuanfu which was taken in connection with the recent settlement of the domestic political crisis between General Chiang Kai-shek and Marshal Feng Yu-hsiang. While in the North, Dr. Kung interviewed all of the political and military leaders including Marshal Feng and Gen. Yen Hsi-shan and their subordinates and according to report, it was largely due to his efforts, as well as the efforts Chao Tai-wen, Minister of the Interior, that a peaceful settlement of the crisis was effected.

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NANKING ROAD

Notes on Provisional Court made Public

On July 3, 1929, the Ministry of Foreign Affairs sent identic notes to the Ministers of Great Britain, the United States, France, the Netherlands, Norway and Brazil concerning the question of the Provisional Court at Shanghai. The notes are in reply to the Ministers' recent proposal that the question be examined by a commission chosen from among their local representatives together with Chinese represenatives and insist on a settlement directly with the Ministers themselves. The official English translation of the notes, published July 10, follows:

LIGATION DES PAYS-BAS

Decanat No. 8, Peiping, June 7th, 1929.

Monsieur le Ministre:

I had the honour together with some of my Honourable Colleagues to receive Your Excellency's Note of May 6 containing the proposal to open negotiations in all sincerity to arrive at a proper and satisfactory arrangement concerning the question of the former Mixed Court at Shanghai.

As Your Excellency is aware the said former Mixed Court was reconstituted by an agreement signed in 1926 by representatives of the Provincial Government of Kiangsu and—after approval of the Heads of Legations accredited in China—by the Consular representatives at Shanghai of the Powers enjoying extraterritorial rights. In consequence of this agreement a new judicial organ was established in Shanghai on January 1, 1927.

The contents of Your Excellency's Note were discussed by all the Heads of the Legations concerned, who comprised, in view of the above, not only the six to whom the Note was addressed (i.e. the Diplomatic Representatives of America, Brazil, Great Britain, France, the Netherlands and Norway), but also the Diplomatic Representatives of Belgium, Denmark, Italy, Japan, Portugal, Spain and Sweden.

As a result of this discussion I am desired to inform Your Excellency that it is their unanimous opinion that, in view of the obtaining conditions and in order to reach a satisfactory decision in the speediest way possible, the question of the reorganization of the present Court should be examined on behalf of the Heads of the Legations concerned by a commission chosen from among their local representatives together with representatives of the Chinese Government and that the conclusion thus arrived at should in due course be submitted to the several Ministers and to the National Government of China. I am, however, desired by my Colleagues to add in this connection that the Ministers concerned cannot disguise from themselves the fact that certain unsatisfactory features in the functioning of the Court under the said agreement of 1926 have been due to external political and administrative interference with its operation and that they regard it as essential that these external influences should be excluded in future.

My Colleagues, whilst submitting to Your Excellency the above proposal for the examination of this question by a joint commission, express the sincere hope that by dealing with the matter in this practical way a final settlement will be before long be effected, so that the peace and order of the International Settlement in Shanghai may be safeguarded and justice administered in accordance with existing rights and internation goodwill increased.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Signed) M. W. J. Oudendij,
Minister for the Netherlands
and Senior Minister.

His Excellency, Dr. C. T. Wang,
Minister of Foreign Affairs, Nanking.

Nanking, July 3, 1929

Monsieur le Ministre:

"I have the honour to acknowledge receipt of Your Excellency's Note of June 7 concerning the question of effecting an arrangement for readjusting the judicial organ in the International Settlement at Shanghai.

"The said question is not of a local character and ought not to be left to local representatives to excerise and discuss. This had been well understood by the Ministers of the interested Powers prior to the negotiations at Peking in 1926. At that time, therefore, the Ministers of the Powers concerned

negotiated directly with the Ministry of Foreign Affairs without any participation of local representatives. Now that it is desired to effect a final settlement of the question, it is fitting that the Central Government continue the negotiations in all sincerity with the Ministers of the interested Powers.

"I regret, therefore, to state that I cannot agree with the proposal contained in Your Excellency's Note, namely, that the question should be examined on behalf of the Heads of the Legations concerned by a commission chosen from among their local representatives together with representatives of the Chinese Government and that the conclusions thus arrived at should in due course be submitted to the several Ministers and to the National Government of China, for I regard such a way as only tending to complicate the matter without helping its practical solution.

"I am communicating to Your Excellency as well as to the other Ministers of the Powers concerned a request to open negotiations immediately and directly with this Ministry, so that this matter may be speedily settled.

"Awaiting a favourable reply, I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

"(Signed) Changting T. Wang
Minister of Foreign Affairs."

W. H. Lyuh Deported by Japanese Authorities

W. H. Lyuh, member of the local Korean colony, who was arrested at the Shanghai Race Course by the police attached to the Japanese Consulate on Wednesday, July 10, has been deported to Nagasaki by the Japanese Consular authorities to stand trial there. On Monday of this week he was placed on board the Shanghai Maru.

According to information given out by the Japanese police, Lyuh has been active in propaganda directed against the Japanese Government. A local Japanese newspaper states that he is a well-known Communist, holding responsible positions in both the Korean and Chinese Communist organizations. Although Lyuh has been active in the Korean community, he declares himself to be a naturalized Chinese citizen, and was deported in the face of protests from various Chinese organizations. He recently returned from a trip to the Straits Settlements where he accompanied the athletic team of Fuh Tan University as its coach. He has represented Korean interests at international conferences at Geneva, Honolulu and elsewhere.

The "Nick" Char Case Still Unsettled

W. Y., or "Nick" Char, the lawyer over whose nationality a dispute has arisen between the Chinese and American authorities, is still being held by the former in the house of detention attached to the Shanghai District Court, but is being permitted to receive his friends. The American Consular authorities insist that he should be handed over to them, while the Chinese officials maintain that he is a Chinese citizen and must be held as a convicted criminal. J. E. Jacobs, acting U. S. Consul-General, is waiting for a communication from the State Department in Washington on the case.

Char was arrested several months ago as a result of a fight in which he became embroiled on the Pioneer Field and in which a young man was injured. He submitted to the arrest which was made on a warrant issued by the Provisional Court and to trial in the court where he was fined and sentenced to three months imprisonment. He then appealed to the American authorities, who have no charges against him, on the grounds that he was born in Honolulu and holds full American citizenship papers.

Monument for Chinese-American Soldier

A request for authority to erect a granite monument over the grave of Chauncey Chan, former private in the 364th Infantry, in the Presidio National Cemetery has been received by the office of the Quartermaster General in Washington, D.C. Chan's widow desires that there should be an inscription, in Chinese characters giving the soldier's war record and other facts concerning his life. Chan enlisted in Sacramento, served oversesas in the World War, was wounded in action and subsequently received an honorable discharge.

Finance Reorganization Conference

A National Finance Reorganization Conference is to be convened at the Capital by T. V. Soong, Minister of Finance. Among the important proposals to be discussed will be reform measures for the centralization of financial control, eradication of corrupt practices and detention of funds belonging to Central Government and severe punishment of those violating the Government regulations relative to financial control.

TWO IMPORTANT NEW BOOKS

That every foreigner and Chinese interested in political conditions in China, or in the relations of China and the Powers, should have. They are

The Organic Law of the National Government, in English and Chinese.

and

The Sino-Foreign Treaties of 1928, in English and Chinese.

Both books recently published by the

Intelligence and Publicity Department, Ministry of Foreign Affairs, Nanking.

The Organic Law of the National Government—consists of 24 pages of text with cover in colors, containing the picture of the late Dr. Sun. This book describes the form and organization of the Government and contains a chart showing the Government Committees, Price, including postage..... 50 cents.

The Sino-Foreign Treaties, 1928,—contains nearly 200 pages, with cover in colors showing the National Emblem. It contains copies, in English and Chinese, of treaties negotiated in 1928 between China and the following nations, America, Norway, Netherlands, Sweden, Great Britain, France, Belgium, Italy, Denmark, Portugal, Spain, and Germany, the treaties dealing with both the tariff and extrateritoriality. Price, including postage..... $ 1.00

Copies of these books may be obtained by addressing the undersigned, enclosing the amount in check, postal money-order, or Chinese postage stamps

The China Weekly Review

4 Avenue Edward VII

Shanghai.

New Books of Interest in the Far East

Comparative Neurology. A Manual and Text for the Study of the Nervous

System of Vertebrates. By James W. Papez, B. A., M. D. Thomas T. Crowell Co., New York, 1929. G.$6.00. Pp. 518.

This book is one of the best of its kind the reviewer has so far read. It begins with the description of the form, structure and function of the mammalian brain, then follows an account of the lower centres and spinal cord. It may be questioned whether the author's method of thrusting the complexities of the cerebrum to the student at the outset is preferable to a simpler beginning with the invertebrate nervous system. The story of the brain, however, is told at the end of the volume, and perhaps it serves better as epilogue than prologue.

The faults of the book are minor ones. As a text for an introductory course to neurology, it appears to be rather advanced. Relatively too much attention is devoted to structure, on the other hand the function of the higher centres is treated adequately enough. One might question the statement of cerebellar function given on page 266, viz., "It not only reinforces reflex tonus but also subsconsciously helps to maintain all manner of postures————" in view of Sheerington's well-known observation that removal of the cerebellum does not affect decerebrate rigidity, and of de Kleijn and Magnus's experiments which show that postural reflexes are not influenced by ablation of the cerebellum. While the accounts of function are somewhat dogmatically expressed, the work of the Pavlov school on conditioned reflexes, of Magnus on tonus and postural reflexes and of Kappers on neurobiotaxis, are well presented.

For the students for whom the book is intended one might suggest that parts of the study of form and internal structure might be curtailed. For the research worker, not well acquainted with comparative neurology, the book should be of great value for its excellent descriptions and figures of the dog's and cat's nervous system. The 315 illustrations are excellent and the author is to be congratulated on bringing out a useful book.

R. K. S. L.

Washington Street vs. Main Street

The Litany of Washington Street. By Vachel Lindsay. The Macmillan Company, New York, 1929.

It is unfortunate that Lindsay had to turn from his folk-songs and folk-chants and community singing to write a book of this kind. Some of his ideas are interesting. Some are not. In fact, Ralph Waldo Trine and Dr. Frank Crane express the hundred-per-cent spirit shown by Lindsay in most of this book, though of course the poet is much the superior writer.

It is a beautifully bound, printed, and decorated book, and many quotations from Whitman constitute its chief literary merit. Lindsay takes Whitman as a statesman-poet. He hopes the day will come when the people will say "Washington, Jefferson, Lincoln and Whitman." He says that "without Jefferson we cannot get Whitman." This is not altogether true, as Whitman can be approached and understood direct, without any knowledge whatever of Jefferson.

Lindsay himself avows himself a Jeffersonian. And yet he recognizes Washington as a bigger man than Jefferson, and puts down Hamilton as comparable with Jefferson. Outside of the Whitman quotations, the book is made up of supposed speeches by United States Troubadors at various places in the U. S. A. For some of the speeches the most fitting place would probably be that historic place in Chicago known as "Bughouse Square," though this location is not referred to in the Litany.

Lindsay's thesis is that Washington Street is forever against Main Street.

> "Main Street has nothing to do with resounding history. When a village not even incorporated had only one artery, for a generation that was called 'Main Street.' When the village grew up around this one exaggerated muddy road, 'Main Street' and 'Babbitt' became most assertive; and Sinclair Lewis has served us well in delineating their asinine ideas. The rival of Main Street in geography is Washington Street; and so we have reached our theme. It crosses Main Street at a right angle.
>
> "....Let us construct an imaginary Washington Street in a composite town made of all the towns that have a Washington, an Adams, a Jefferson street. Let us build it in this hour out of those imperishable mists which are our only realities, in the light of the very latest books on Washington, and the earliest dreams of our forefathers when they named Washington Street in love and reverence.
>
> "This Washington Street, drawn in imagination from the Atlantic to the Pacific, is a great wooded and residential highway, the song and poetry street of every United States town..... As we go on with those who are dearest to us for companions, we are in our own land indeed, a million miles from Babbitt or Main Street or from any disturbers of the Old Virginia grand style.
>
> "The street may pass through old battlefields or new, and treacherous regions which promise slaughter or storm; but it is as far as the human soul may get from the trivial, the puffy, the snappy, the cheap; as fas as possible from the world of the smart aleck and the go-getter, the cynic, the liar, and the wise guy."

This theme is truly the basis for a splendid litany, and it is unfortunate that Lindsay fails to carry out its promise and its possibilities. One interesting point he brings forth is with regard to the "grand style," that essential dignity which is attributed to Washington, to Jefferson, to the other early revolutionists, which Lindsay says is really Indian. "George Washington, like all other United States citizens, was more influenced by red Indians than by anything brought over from Europe, be it a squire or a book. If his grand manner is incredible . . . do not think of him as a super-Virginian, think of him rather as a super-Indian chief in silk stockings and velvet pants. Washington actually wore plumes in his hat at his formal receptions after he was elected President. Think of him as an Indian . . . Have you ever considered the grand manner of a red Indian before battle?"

These, the best parts of the book, are in the first twenty-odd pages. Beyond this it rather dwindles, and is, as Lindsay himself frankly declares, like Fourth of July decorations and speeches, and "the way patriotic people remember their heroes in fancy and in oratory," (though there are some excellent paragraphs with regard to Whitman, Jefferson, and Lincoln). It becomes still more like a Fourth of July oration when we are told that "the picture of Lincoln is a kind of ikon in the Russian peasant's hut; and is now invading the homes of the Chinese poor on almost the same terms... Our heady doctrines are just beginning to be felt all over China, fermenting in the minds of many factions... you may be sure that the picture of Abraham Lincoln hangs on the walls of all the really zealous of all factions." If this sort of thing is said in poetry, all very well, but reduced to prose writing it looks just like what it is,—bunk. The same applies to the striking picture of Lincoln on the Ganges,—the great democrat breaking down and destroying once and for all the lines of caste.

The whole trouble is that Lindsay talks as if the ideals of Jefferson and Whitman, Lincoln and Washington (to give them in my own order rather than his) were the living and vital forces of American life today, which they very obviously are not. I am more of a Jeffersonian than Lindsay is, and I know when were licked,—though we can struggle on in the hope that our defeat is only temporary, and that the future belongs to us and to our children.

Harry Paxton Howard

New Book by Ernest H. Wilson

The Stratford Company, publishers, of Boston, have announced a new book, "Lilies of Eastern Asia," by Ernest H. Wilson, the book to be issued this fall. Mr. Wilson is the author of "China, Mother of Gardens," "Plant Hunting," etc. He has been responsible for the discovery and introduction of some 65,000 specimens and 1,500 new plant seeds for use in American gardens.

Anti-Opium Journal

"Opium: A World Problem" is the title of a quarterly journal published by the National Anti-Opium Association of China, at their head office, 4 Hongkong Road, Shanghai. The last issue of the magazine appeared in January, 1929. It contains the following articles: "The Opium Policy of the Chinese National Government" by P. H. Li, "The First National Opium Suppression Conference" by Bingham Dai, "A Review of the People's Anti-Opium Movement in China" by Dr. R. Y. Lo, "Local Anti-Opium Movements" by P. H. Li, "The Opium Condition in China During the Year 1926-1927" by Bingham Dai and "The Program of the National Anti-Opium Association for 1929" by Garfield Huang. The National Anti-Opium Association has also recently published a pamphlet by Bingham Dai, secretary of the organization, on opium in the Far East. It is entitled "The Commission of Inquiry and the Opium Monopoly."

Civil Service Examinations

A set of regulations governing the holding of civil service examinations has been drafted by the Examination Yuan, revised and approved by the Legislative Yuan, and will shortly be promulgated by the State Council. These regulations will place Chinese Government Civil service on a basis of examination similar to that now employed in western countries. Three kinds of examinations, ordinary, higher and special, according to the qualifications of the candidates, are provided for. Ordinary examinations will be held once each year in the various provincial capitals. Higher and special examinations will be held in the national capital or other places designated by the Examination Yuan, also once each year. Examiners will be appointed by the National Government, and all affairs relative to the examinations will be in charge of an Examination Committee whose chairman will be the chief examiner.

The following are the most important of the new regulations:—

Any citizen of the Republic of China of one of the following qualifications is entitled to take the Ordinary Examination:

(a) A certified graduate of any registered public or private middle school or of any school of higher standing.

(b) Any person who has received an education equal to a graduate of the middle school or of one of higher standing who has passed a preliminary examination on his qualifications.

Any citizen of the Republic of China possessing one of the following qualifications is entited to take the Higer Examination:

(a) A certified graduate of a Government university or of any properly registered public or private university, or college, or technical institute.

(b) A certified graduate of a foreign university, college or technical institute, which is officially recognized by the Ministry of Education.

(c) Any person who has received an education equal to that of a graduate of a university or a technical institute, who has passed a preliminary examination on his qualifications.

(d) Any person who possesses actual technical knowledge or special talent or who has published his discoveries which have been proved by investigation to be of merit.

(e) Any person who has passed the Ordinary Examination four years previously or who has been a Government official of the "Weijen" (third) rank or has assumed a similar post for more than three years.

Persons not eligible to sit are those convicted of:

(a) Complicity in counter-revolutionary activities.

(b) Having lost the right to hold public office.

(c) Embezzlement or misappropriation of public funds which have not been repaid.

(d) Bribery for which sentence has been passed.

(e) Having been declared insolvent or bankrupt.

(f) Addiction to opium or similar drugs.

Railway Ministry To Employ Practical U. S. Operators

According to a report from Nanking on July 16, the Ministry of Railways has accepted a recommendation of J. J. Mantell, adviser to the ministry, for the employment of eight or ten practical railway operators of American nationality. A *Reuter* report from Nanking on July 16 stated that Mr. Mantell's recommendation declared that in order to put various reforms into operation it would be necessary to employ a staff of railway men experienced in various phases of the work of operating trains. The men recommended by Mr. Mantell include a master mechanic, engineer of maintenance and way, transportation expert, travelling firemen, auditors, tariff and goods experts, etc. According to the plan suggested these men would be used to instruct Chinese operators on the various Government lines. In an interview, Mantell declared that he wanted no "white-collar men, but men of practical experience who had been accustomed to the wearing of overalls in the every-day job of running a railway." Since Mr. Mantell was formerly vice-president of the Erie Railway it is thought that he may recommend the employment of operators formerly under his supervision.

Punishment for Selling Japanese Goods

A Chow Kuo-hua, dyer, was confined in a wooden case in front of the Confucius Temple in Nanking by the Association for Unilateral Treaty Abolition on July 11. The man was accused of dying Japanese piece goods and selling it under the pretense that it was of native make.

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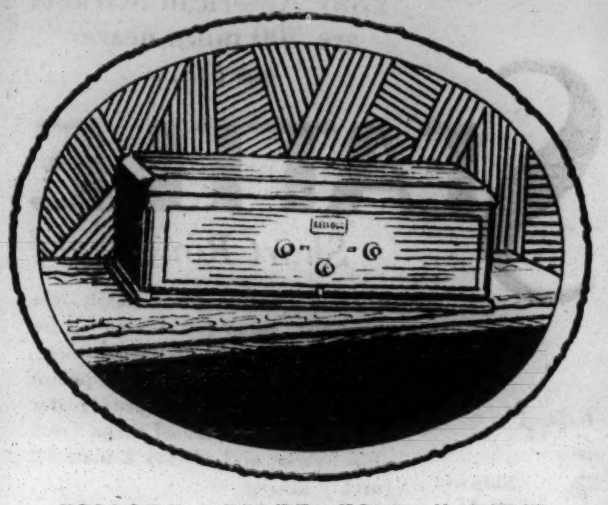
Phone: 1280



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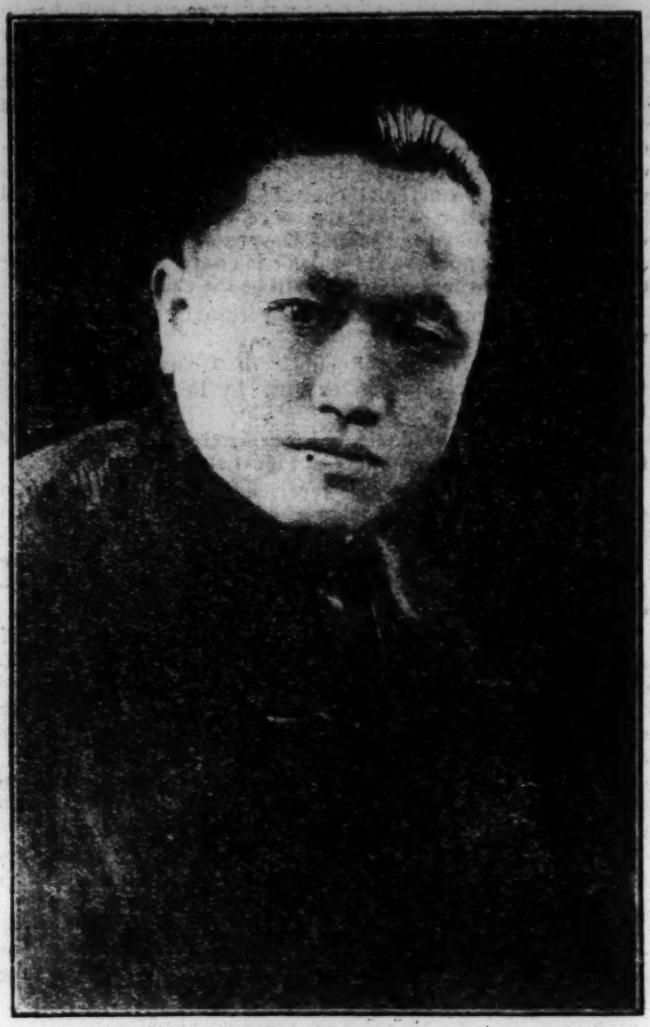


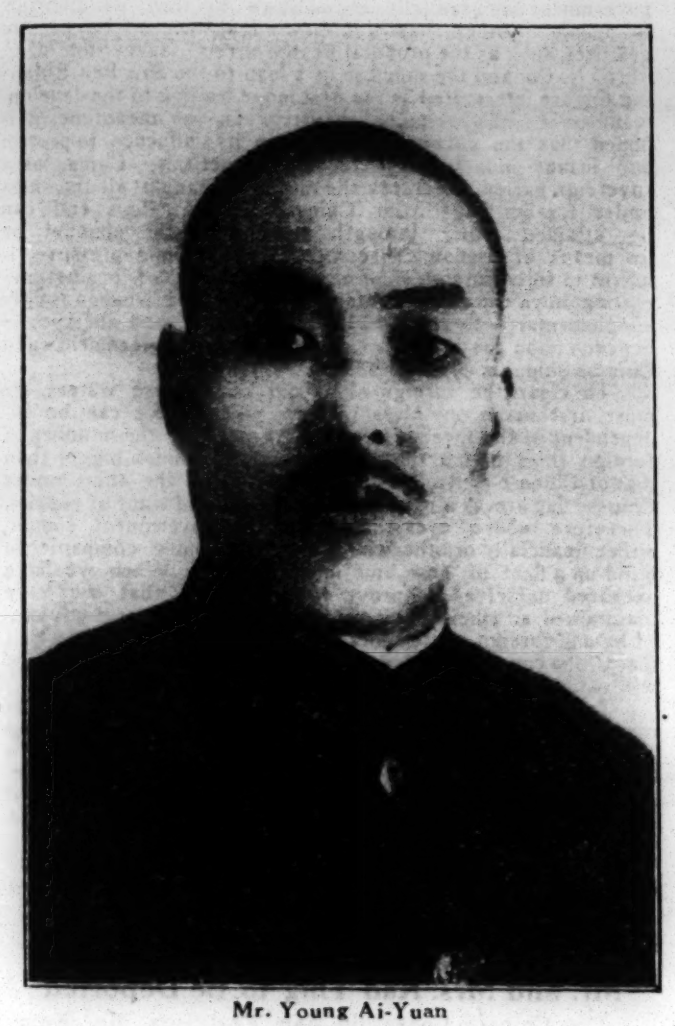
Chao Tieh Chiao
趙鐵橋

Mr. Chao Tieh Chiao was born in Szechuen. He graduated from the Shu-Jen School and joined the Tung Mang Hui when he was only twenty years old. After participating in several unsuccessful attempts to start a revolution against the Manchu Regime in his native province, he went to Wan Ping Hsien, in Chihli. There he established the *Kuo Kuan* News Agency as a revolutionary organ in North China. Later, together with General Wu Lo Chen, he planned the seizure of Peking and upon the failure of the attempt, fled to Tientsin. There, in company with other revolutionists, he organized the Peking-Tientsin Branch of the Tung Mang Hui and published a newspaper, *Tientsin Public Opinion*, which aimed to awaken the spirit of revolution in the people. As one of the leaders in a plot to assassinate Yuen Shih Kai, he was forced to flee to Shanghai from there he took part in the punitive expedition against Yuen. Afterward, he accompanied Dr. Sun Yat-sen to Japan as a student.

After his return from Japan, he was given charge of party affairs in Szechuen, and when the provincial finances were reorganized, he was made general manager of the Sun Chuen Yuen Bank. In the latter post he succeeded in doing away with malpractices which had long existed in the banks of Szechuen. After Hsiung Ko Wu resigned his tupanship, Mr. Chao left Szechuen and came to Shanghai where he engaged in industry as one of the partners in the establishment of a toothbrush factory. In the 13th year of the Republic, he was delegated to the first National Congress of the Kuomintang by Dr. Sun Yat-sen as the representative of the Szechuen Punitive Expedition at Shanghai. When the National Government was established at Nanking, he was appointed General Manager of the China Merchants Steam Navigation Company, a post which he still holds.

Mme. Chiang Receives Feminist Leaders

Mme. Chiang Kai-shek received a number of representatives from the Women's Alliance Association at the Hotel de Pekin on the morning of July 8. She discussed with them at length the problems confronting the women of modern China.



Mr. Young Ai-Yuan
楊愛源字星如

Mr. Yang Ai-yuan was born at Wutai Hsien, Shansi Province, in 1888. Having graduated from the Paoting Military Academy, he joined the camp of General Yen Hsi-shan, as early as the first revolution, in the capacity of a staff officer. Since 1915, he has held in succession the posts of the regiment commander, brigadier commander, division commander and Instructor General of the Shansi and Suiyuan Troops. In 1927, upon being appointed the Director of the Second Army Corp, he actually took part in the Northern Punitive Expedition. Subsequently he became Assistant Directing Officer for the Right Wing of the Northern Nationalist Revolutionary Troops under the command of General Yen Hsi-shan. When their Troops became known as the Third Nationalist Army Corp, General Yang was made the chief of its Third Sub-Division Corp and concurrently Assistant Directing Officer of the Right Wing in operation.

The first post given to General Yang by the National Government was member of the Military Affairs Commission. In May 1928 he was promoted to the post of General Directing Officer of the Third Sub-Division Corp of the Third National Army Corp. In August of the same year he was given the important post of Resident Member of the Third National Corp Reorganization Commission and also its acting chairman. In November he took up his present post as Chairman of the Charhar Provincial Government.

Indignation in Europe Against Shanghai Foreign Chambers

A report stating that the British, American, French and Japanese Chambers of Commerce in Shanghai will submit to the International Chambers of Commerce, which convened in Amsterdam July 8, a joint resolution urging the Governments concerned to unite in resisting China's demand for the abolition of extraterritoriality has aroused great indignation among Chinese colonies in Europe. The resolution is said to be based on the assertion that civil war still continues in China, that stabilization and unification of the country have not yet been achieved, that Chinese magistrates are subject to the control of a single party and that Chinese as well as foreign lives and property are not adequately protected by law and its administration. Chinese in Berlin and other European capitals regard this action as the first step in a new anti-China movement.

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The Development of China's Shipping Industry

BY PAUL K. WHANG (汪仲芳)

TO the second plenary session of the Central Executive Committee which was held a few weeks ago, President Chiang Kai-shek submitted a memorandum proposing that whereas China Merchants Steam Navigation Company is China's biggest shipping concern and its existence means much to the welfare of Chinese public, the central government should appoint a committee to exercise a direct supervision over its control. President Chiang was also reported as saying that in view of the increased importance of the shipping industry to the growth of our commerce and industry, it will worth the trouble of the government even going to the extent of setting up a separate ministry to look after its interest. This proposal was unanimouly passed by the Committee, but has not been acted upon as promptly as it should, owing to the tense situation pertaining to the Honan incident and the sudden departure of President Chiang to the North. With his returning to the capital, it is understood that he will direct his personal attention to the working out of his proposal.

That President Chiang has deemed it fit to bring this matter up in the second plenary session of C. E. C., where, as we understand, only problems of high importance have been discussed, indicates one fact at least, that is, the government has taken a determined stand to develop China's shipping industry. The significance of his proposal lies in the transference of the power of supervision from the Ministry of Communication to the central government itself. Since March 1928, the company has been under the supervision of the Ministry of Communication, but in order to carry out the works of reorganization, the administrators have been met with a set of knotty problems, the solution of which needs the immediate attention of the central government. Therefore President Chiang is wise in his move of placing the company directly under the supervision of the central government.

Coincident with President Chiang's proposal, the National government has sanctioned a loan to the San Peh Shipping Company for the sum of $3,500,000 to be known as the San Peh and Hung An Navigation Development Loan. The Ministry of Finance has authorized the flotation of the new loan which will be secured by the proceeds from the tonnage dues collected by the maritime customs. With the help of this new loan, the company has already proceeded to contract for building a fleet of new ships.

The San Peh Company

The San Peh and Hung An Shipping Company, better known as the San Peh Shipping Company, is China's second largest shipping firm which has thirty or more ships running to different ports all over China. Like C.M.S.N. Co., it has been very much affected by the internecine warfares, and has likewise run over head and ears into debts. Having been kept free from political complications and under the better management, its condition is much better than that of China Merchants. The loan of $3,500 000 will help much to rehabilitate the company, while in case of China Merchants, it will take ten times as much to put it into a running condition.

That the government has assumed a sympathetic attitude toward the shipping industry is evinced by another instance. Instead of following the malpractice of former militarists, the government has lived up to the contract by paying in full the chartered fees to the navigation companies whose ships have been chartered for government service in connection with the Anti-Kwangsi campaign last April and the recent movement against Honan. Though the money thus paid by the government will in no way recompense a fraction of the losses sustained by the navigation companies, yet the government by its payment will eventurally win a good credit from the merchants.

It goes without saying that China's shipping industry is yet in its infancy, and that total tonnage is even non-comparable with that possessed by foreign shipping agencies in China. It has frequently been said by our foreign contemporaries that without the service of foreign ships, China's commerce and industry will instantly come to a halt, as the number of Chinese-owned ships will not be adequate to serve the mercantile needs. In other words, the destiny of our commerce and industry will in a large measure depend upon the transportation facilities provided by the ships under various foreign flags. Thus we are practically reduced to a state of dependency. While we doubt the truth of that statement, we nevertheless take no pride in the small number of our ships.

Conditions Necessary for Development

In order to develop China's shipping industry, three conditions must be first assured: peace, government assistance and freedom from foreign competition. With the unification of the country, the dream of peace comes to reality, and the government has gradually settled down to turn its attention to problems other than military engagements. Its present gestures, such as the proposal of the direct supervision of C. M. S. N. Co. and the sanction of a loan to the San Peh Shipping Co. are interpreted as the first move leading to the development of China's shipping industry. In the meantime, it is hoped that the government will use its influence to protect our infant industry from foreign competition. China, as a sovereign nation, must seek the means to banish all the ships under foreign flags from Chinese waters. This end can be attained either througth the diplomatic channel or by means of economic pressure. By economic pressure is meant to force foreign shipping agencies out of business by cutting down the freight rates. This effective weapon is only supplementary to the diplomatic means, and its success depends upon the cooperation between the government and Chinese shipping companies

To clear the foreign ships out of Chinese waters, we must first make ourselves secure whether we can be independent of the foreign service. At present, the number of foreign ships plying on Chinese waters is much bigger than that of Chinese-controlled ships. Moreover, the ships under Chinese flag are, as a rule, either obsolete or in want of repairs. Therefore above everything else, the government should, either financially or otherwise, help our shipping companies to build up a fleet of new and modern ships. When we have prepared ourselves to prove to the world that we have maintained an efficient shipping service, the argument advanced by our foreign contemporaries to maintain the status quo that China can not get along without foreign shipping service will naturally lose its effectiveness.

To sum up, the present government actions deserve high commendation, and in order to hasten the growth of our shipping industry our government should follow the examples set down by foreign countries by granting subsidies to our shipping companies. Dr. Sun in his Principles, laid much stress on the importance of the development of shipping industry, and advocated government ownership of shipping companies. While the time is not yet considered ripe to carry out the letters and spirits of Dr. Sun's Principles, we should, at least fulfill his fervent hope by going ahead to build up a shipping industry fitted for our present need.

Mr. and Mrs. Kao Ying to Be Deported

The Chinese Consul in San Francisco, Mr. Kung, received an order July 14 from C. C. Wu, Chinese Minister to Washington, to deport to China Mr. and Mrs. Kao Ying and Huen Foon. The order indicates that the trio will not be tried in the United States on the charges of smuggling resulting from the discovery of large quantities of opium, silks and laces in Mrs. Kao's luggage. July 15, however, the U. S. State Department had not decided whether or not Dr. Wu's request that the parties involved be turned over to Chinese authorities would be complied with.

The contraband articles were discovered July 8, when the customs officials opened eight large wardrobe trunks and six suitcases belonging to Mrs. Kao. In them they discovered approximately 3,000 tins of opium whose value is estimated to be between $60,000 and $1,000,000. A hundred pieces of fine laces and silks upon which no duty had been paid were also discovered. The baggage was brought into the country under certificates of exemption from search; consequently, the customs authorities delayed opening it for one week after its arrival from China, fearing complications between the United States and China. After the trunks were opened, Mrs. Kao professed ignorance of their contents, saying they were the property of friends who had induced her to use her diplomatic privileges to bring them into the country. She refused to divulge the names of the persons who were supposed to receive the contents of the trunks and handbags as presents. According to John Smith, Chief Customs Agent, responsibility for the baggage rests with her as she attached seals to it and signed a declaration that it was her own. He also said that he had been working on this case for two years and that an arrest in Honolulu could be expected soon.

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The Right Way ToBurn Opium—Recent Destruction of Contraband Drugs in Shanghai

The accompanying picture, which was taken by S. Y. Chi, of the National Anti-Opium Association, shows a recent destruction of many thousands of dollars worth of opium and other narcotics which had been seized by the Chinese Maritime Customs in April, May and June of this year. The burning took place on July 3 in the the presence of delegates from several governmental and public organizations, including the Public Safety Bureau, Woosung-Shanghai Gendarmarie, Shanghai District Court, National Anti-Opium Association, etc., the Anti-Opium organization being represented by S. Y. Chi and T. M. Lee. The actual opium destroyed amounted to 38 Chinese piculs, or about 5,000 pounds. Some 1,840 bottles and 40 tins of patent medicines containing opium were also destroyed. The total value of the drugs destroyed was estimated at $128,400.

Ninety catties of opium were found on board the British gunboat "Pater" when it arrived in Hankow July 5. It had been reported to the Wuhan General Inspecting Office that the gunboat was carrying 13 piculs of the drug down the river from Chungking. Accordingly, the Lianghu Special Tax Office communicated with the Commissioner for Foreign Affairs who notified the British Consul. Consequently, the ship was met by these officials when it arrived in port. Another quantity of the drug was conveyed to Wuchang on the same night before the inspecting office could notify the Commissioner of Foreign Affairs.

Concluding Arguments in Shanghai Cambling Cases

The concluding arguments in the gambling charges brought by the Shanghai Municipal against Garcia and G. F. del Valle, Mexican citizens, were heard in the Shanghai Provisional Court on Wednesday afternoon, July 17, the entire time being taken up by statements by R. T. Bryan, Jr., police prosecutor, and Dr. O. Fischer attorney for the accused. Mr. Bryan's arguments dealt chiefly with the contention that Mr. del Valle was the "dummy" proprietor of the roulette establishment at 151C Bubbling Well Road that recently was besieged by the police and that Carlos Garcia was the real owner and proprietor, Mr. Bryan declaring that Garcia had been interested in the gambling business in Shanghai for many years, and presented evidence allegedly proving that he was the real prorietor of 151C Bubbling Well Road.

Dr. Fischer in rebuttal declared that what really has been taking place in Shanghai is a "gambling war" between the proprietors of "private" gambling places operated by Mexicans and "public" greyhound pari-mutuel gambling places, the latter being owned and managed by prominent British residents of the Settlement including officials of the Police Department and other departments of the city government. He showed, from records obtained in the local British Consulate-General that H. E. Arnhold, present chairman of the Municipal Council, was a member of the board of the greyhound gambling resort known as "Luna" Park, but had retired. He stated that the Mexican defendants in the roulette places had regularly paid taxes and fees for electricity service to the Shanghai municipal government and and that the officials who collected the taxes were aware of the gambling; that the Mexicans thought that under Mexican law they could only be subject to a sentence of 30 days in jail or a fine; that in view of the open gambling at the greyhound places which attract 10,000 Chinese weekly, that they considered they were clearly within their rights in conducting private gambling "clubs" in Shanghai which were patronized by the "best" people, including officials of the local government, diplomats, and officers of the local military forces. "This prosecution," declared. Dr. Fischer, "was only brought in order to induce people, especially Chinese, to go to greyhound races.....There is something wrong in Shanghai's system, in the whole administration.... the Council could have cut off the electricity supply, had it wished to stop the roulette gambling... Greyhound racing is just as illegal as the roulette wheel under both Chinese and British law. Greyhound racing is a lottery which is absolutely illegal under British law." Dr. Fischer then pointed out that when the Chinese authorities protested against the greyhound resorts, all the Council did was to warn the proprietors to restrict their races to one night a week. He then pointed out that Chinese were not admitted to 151C Bubbling Well Road, but that 10,000 Chinese attend the dog races weekly in Shanghai. He declared that the evidence presented by the Police in the cases against the roulette places "must be taken with a grain of salt" because "these very people or others of them in the some line of business are interested in other forms of gambling. Dr. Fischer then stated that he had a list of shareholders in the Greyhound Racing Association that he was ready to present in Court if it was desired to inspect same.

The case was scheduled to be concluded on Friday afternoon, July 19.

Sun Fo on Abolition of Extrality

The MacDonald Government will be agreeable to the National Government's plans for the abolition of consular jurisdiction in the opinion of Sun Fo, Minister of Railways, according to a statement he issued on July 18. His belief is that a small number of die-hard British merchants in China have been conductiong a campaign to influence the British Government against relinquishing its privileges, but this group has no influence in England, where the Government is aware that the continuance of the present extraterritorial system will be detrimental to the interests of Great Britain as a whole. Japan, he declared, is interested in retaining its special rights in Manchuria and will be prepared to give up extrality in exchange for other privileges. Americans he believes will be willing to surrender consular jurisdiction as soon as the National Government prepares a modern code of laws to be applied to all peoples in China.

Leasing of Land to Missionaries Regulated

A set of regulations governing contracts for the leasing of land and buildings to foreign missionary societies has been jointly formulated by the Ministries of Interior, Foreign Affairs and Judicial Administration. The draft of the regulations is to be submitted to the Executive Yuan for approval and forwarded to the State Council for promulgation. Some of the regulations deal with the periods of leases, the size if the leased property or the number of buildings, use of the property and nationality of the leasee.

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HOW THE POLITICAL SITUATION STADS AT THE BEGINNING TO THE SINO-RUSSIAN CRISIS

(*Continued from page 339*)

The success of the National Revolution depends mainly upon the success of the Party. All Party members should, therefore, take cognizance of the important mission of the Party and strive their utmost to consolidate the Party organization so as to enable it to fulfill its mission. Unfortunately, blinded by selfish considerations and carried off their feet by emotions, some Party members have organized small cliques within the Party, thereby leading to great complications. This is indeed a most lamentable state of affairs.

The existence of such cliques within the Party necessarily tends to internal disintegrtion and undermining of the authority of the Central Party Headquarters and the National Government. The centrifugal tendencies of the cliques will therefore cause the disruption of the Party while their recalcitrant attitude will create discord within the Party. Inasmuch as disruption of the Party is sure to bring failure of the Revolution, all comrades who are loyal to the Party and faithful to the cause of the Revolution should refrain from organizing cliques.

Hereafter, the Central Authorities, in order to preserve the solidarity of the Party and strengthen its foundation, will take drastic measures to deal with those who persist in organzing themselves into cliques.

With Regard to Political Affairs:

"The National Government, under the leadership of the Kuomintang is a government which is striving for the welfare of the people and the independence of the nation. The enemies of the Chinese people and the country, realizing that the strengthening of the Government will mean an end to their exploitation and oppression of the people have tried in various ways to defy and weaken the Government. Past history of the National Government, however, shows that the more fiercely it was attacked, the stronger it became. Thus the National Government has not only successfully resisted the attacks of the Imperialists, the Communists, the Militarists and the so-called Western Hill Conference Clique, but has actually become more powerful as a result of these attacks.

"Just now, the so-called Reorganizationists have again fabricated false reports and directed unfounded accusations against the Government. But in view of past failures of the Imperialists, the Communists and the Militarists to undermine the Government, the Reorganizationists who are far weaker in strength will be easily disposed of. It is safe to declare that the foundations of the Government, having already been laid, can not be shaken by any reactionaries. Hereafter, the Government will carry out various reconstruction measures as outlined in the National Reconstruction scheme of the late Party Leader so as to mitigate the sufferings of the people and elevate the international position of the country. I hope therefore all the people will place implicit confidence in the Government and not be misled by rumours and false accusations fabricated by the reactionaries."

Canton Celebrates Anniversary

On July 3, the Kwantung provincial government held a celebration of the fourth anniversary of the establishment of the Kwangtung government, the occasion also being in the nature of a celebration of the return of the Cantonese to the control of their own province. The chief address was delivered by Gen. Chen Ming-hsu, the chairman of the Kwangtung provincial committee in which he referred to the part that Kwangtung had taken in the National Revolution, and of the disturbing effect which this activity had produced on the local administration in Kwangtung province. In reference to domestic affairs in the province, he stated that plans have now been developed for a strict demarcation of military and civil affairs and that a civil-service examination system had been instituted.

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Connecting with the Peiping-Mukden and the Peiping-Hankow Railways at Peiping, this line runs from Fengtai, in the general direction of Inner Mongolia, to Shuanhwa, through Kalgan, the "Gateway of Northern China", on to Tatung. Then, skirting outside the Great Wall, it proceeds to Suiyuan and finally on to Paotow, on the edge of the Great Gobi, where dusty camel caravans come in from Mongolia and the northwestern territories, laden with romantic cargoes. It is a trip you will never regret—nor forget—this journey through what is by far the most interesting part of northern China.

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Head Office

YANG-YU HUTUNG

PEIPING

An advertisement of the Chinese Government Railways

No. 5

NEW ALIGNMENT IN PICK CASE IN SHANGHAI PROVISIONAL COURT

(*Continued from page 340*)

Attempt on Admiral Bristol's Life

The Court further questioned Pick about the police having asked him about some attempt to assassinate Admiral Bristol. Pick said it was an attempt which was to have taken place but had not. Robertson had questioned him with regard to it. There were eight or nine questions typed on a sheet of paper, to which he had been asked to reply.

Pick reiterated that he had known Ovsiannikov for twenty-two years, they having been boys at school together.

Levitsky, the second defendant, was then called to the stand. He spoke English with fluency and ease, and in contrast to Pick was quiet and self-controlled throughout.

Questioned, he said that he had been in Shanghai since 1921, and was employed by the Russo-Asiatic Bank until 1926, having worked for them eight years altogether. Since that time he had been a teacher and interpreter, knowing Russian, English, German, and French. His father had been postmaster in the Russian Post Office at Tientsin years before.

Levitsky's Testimony

Witness had known Pick since 1927, meeting him through some police connections, he having worked as informer for the police. He had met Chang last year, but had never been to his house or obtained any money from him. He understood that Chang was a kind of secretary to Nien.

He had never seen Pick obtain any money from Chang or forge any document. Neither had he ever gone to the British or the United States Consulate with Chang and Yao, or with these in company with Pick.

He had worked for Pick as interpreter, sometimes giving him information also, and received a salary of $300 monthly from him from May to September last year.

Shown a letter supposed to be correspondence with his father, he said that this typewritten letter was not genuine.

Witness had made a statement to the police. Shown this statement, made in writing, he identified and confirmed it.

He had been in Shanghai for the past year, excepting for a few weeks. Until May he had not been called to the Police Station or charged.

"Something to Conceal"

Cross-examined by the Police Prosecutor, Levitsky said he had received $300 per month from Pick, sometimes a little more, getting $400 in September. He had done no work for Pick after that.

He had gone with Pick to the house on Myburgh Road (Nien's), where he had seen Chang and Yao. Gordin had been there on one occasion, but had held no conversation, just saying a few words and leaving. "Pick asked me to leave the room after that."

Bryan suggested that Pick apparently had something to conceal when he asked Levitsky to go away. Witness agreed that this was possible.

"How is it that you admit being at the house, but deny making the trip to the British Consulate?"

"I don't understand the question. I say I was at Myburgh Road because I was, and say I was not on these trips because I was not."

The Prosecutor questioned witness closely on his purchases of clothes in August and September. Levitsky said that at this period he had had $350 worth of clothing stolen from, him as could be verified from the police record, and was obliged to buy a considerable amount of clothes as a result.

Bryan referred to witness' "sudden affluence" at this time, whereupon Levitsky responded that he had other income besides that from Pick, having received $500 for services rendered a certain attorney during August last year. Asked where he kept his bank account, witness responded that this was his private affair. He would tell the Court, however, if they wished to know.

Further questioned, witness said that Yao had not spoken the truth when he said he had seen Levitsky write the name of Rafael Born. He further stated that at the time Gordin was at Nien's place, Chang was not there.

Asked To "Blacken" Pick

Levitsky said that at the time of his arrest, Robertson expressed regret, but said that this case would not have come up at all if Pick, on his return to Shanghai, had not made some trouble with the police, and with the Russian detective Ovsiannikov. "Ovsiannikov said it would be best for me to blacken Mr. Pick as much as I could, and that the Court would be lenient with me".

The Court then questioned Levitsky as to his various trips to Chang and Nien. The defendant said that he had been at Nien's three or four times. He had gone there a few times with Pick.

There had been a talk at the C. U. A. Cafe. They had discussed political affairs and Mr. Nien had wanted to open a gambling den to shield his political business.

Pick had wanted Levitsky to make careful note of the faces of persons present, and to remember them, so witness had done so.

Pick's Conversations with Nien

In the conversations between Pick and Nien, Levitsky had interpreted. He understood that this talk of a roulette house was a shield for political work, Nien being the agent of some political machine. This was why Pick had asked him to watch everything and everyone closely.

Levitsky said he had never defrauded Chang of $12,000.

Pick had said that there was to be a meeting with some wealthy Chinese who wanted to open a roulette club.

Witness added that Pick had introduced himself to Chang as a political detective. He already knew Nien.

"Why should Pick introduce himself as a political detective in connection with a roulette license?" asked the Deputy.

"Because that was being used as a shield for political business."

Levitsky had not known Gordin previous to meeting him there. He had met Pick that same afternoon, the latter asking him to go to that house as often as possible. Nevertheless, Pick seemed not to have expected him that evening, and he thought that Pick did not want him to be there on that occasion.

The case was adjourned to Thursday. Gordin, the third accused, has been released on $2,000 bail.

Document Probably a Frame-Up

On July 18 Mr. Kobza was called to the stand again, and showed reproductions of signatures on various letter-heads and various kinds of paper by photography. With regard to the prosecution's document, he showed the Court that the different direction of the light on different parts of the photograph indicated that it was a composition of different photos.

Cross-examined by Prosecutor Bryan, Mr. Kobza said it was certain that the photograph in question was made from another photo or photos. He could not say if it was taken by any of the cameras in the C. I. D. This type of photograph was largely used by blackmailers, and he quoted from a book on criminology a warning against experts testifying on photographs, as signatures could be put together, retouched, super-imposed, and re-photographed. It was clear that the signature of Cunningham was not an attempt to imitate, or a photograph of, Mr. Cunningham's own writing. The same was true of Mr. Blackbarn's signature. It was therefore apparently not an attempt to blackmail them. Witness was willing to go up to the C. I. D, and examine their lens.

Questioned by the Court, the expert said that he could make a composite photograph with three or four signatures in three or four hours. In answer to Attorney Schuhl, he said there were perhaps three or four studios in Shanghai able to do such work; possibly there were one or two Chinese studios which could.

Gordin Gives Testimony

Gordin, the third accused, was put on the stand. He testified in a very low voice, speaking in Russian, and frequently questions had to be repeated several times. He had come to Shanghai from Harbin in 1925, and was a "commission agent" here. He had known Pick and Levitsky for some time. He did not know Chang, and had never seen him prior to this case. He had once gone to a Chinese house opposite the Race Course, but did not know whose it was.

He had gone there with Pick, who had told him nothing definite but had spoken about some arms deal. He had thought it a good opportunity to make some money on a lawful transaction. He had met several Chinese-he did not know who-and stayed a very short time. Pick had introduced him to no individual Chinese, but had left him in the room and gone away. Had seen Levitsky there, but was not sure when he came or left.

Asked about the card he was accused of giving Chang, he said he had not done so; he could not understand what was written on the card. Pick led him out after a few minutes. He had not presented himself as the American Vice-Consul to any Chinese.

Levitsky had told him that Pick wanted to see him, after which he and Pick had spoken over the telephone. He was not sure whether he had called Pick or Pick had called him. Pick had given him six dollars to redeem a suit from pawn. Pick was a member of the British military staff, and had spoken about an arms deal, to sell to Chinese.

Pick Plays Santa Claus

After his arrival at the Chinese house, witness testified, he saw Levitsky, who went away with Pick to another room. Pick came back, and he and witness left together. Pick had taken him to the Carlton, where he had waited for Pick and Levitsky, who came after a while, and in their conversation he had heard the expression "one thousand," but did not know to what it referred.

The three went to "Jimmy's Kitchen," where Pick gave Gordin three hundred dollars. He did not understand for what this was. He had sometimes received six dollars, ten dollars, or similar sums from Pick, and had seen considerable money in Pick's possession at different times both before and after the visit.

Later Levitsky had told him that Pick had absconded with twentyfive thousand dollars. Pick had spoken to him with regard to blackmailing foreigners in connection with their "concubines." Witness said he had refused to talk about such "dirty business." He was questioned by Deputy Van den Berg on this, as his response in the police statement was worded differently.

Pick had spoken about making some photographs at Jessfield Park which would compromise some foreigners. Levitsky was present at the time. Levitsky in fact had spoken about this, said witness.

Recent Visits to C. I. D.

Gordin had been at the C.I.D. twice this week. He had spoken with Maklayevsky, and on his second visit with Ovsiannikov. Cross-examined by Attorney Schuhl, he said he had gone to the police because when his personal possessions were returned to him (he was released on bail last week) he had found among them a blank check on a Tientsin bank, which troubled him and which he had gone to return to the police.

He had not heard Prosecutor Bryan say that "he was not pressing the case against him." He had made his statements to the police voluntarily. His bail had been put up by a Mr. Joffe.

Further questioned, he now said that prior to the visit he had called up Pick, though he did not remember the number. He knew Pick as on British military service and doing espionage work; had seen him with British officers. With regard to the visit, he understood he was going to sell arms through the British military staff.

He denied that anyone had told him to say that Pick had given him three hundred dollars.

"In view of the fact that the charge was one of fraud and forgery, why did you make statements regarding blackmail and so on?" asked Schuhl, quoting from Gordin's statement to the police: "Levitsky suggested that they could make money by blackmail from foreigners in sodomy cases."

Gordin said he had been questioned by Robertson and Ovsiannikov. He did not remember if they had asked him about these particular points.

"Why did you particularly refer to a camera and photography in your statement?" "Because I was told so."

Beating Up Santa Claus

Attorney Schuhl further quoted from Gordin's statement, to the effect that a few days prior to his arrest Levitsky had visited him, and Gordin asked where Pick was, "as he wanted to thrash him." Questioned on this, Gordin said that Levitsky had told him that Pick had absconded with twenty-two thousand dollars. (Witness previously said twenty-five thousand)

"Was it because he gave you three hundred dollars that you wanted to thrash him?" "No, perhaps on account of something else."

The attorney further quoted: Levitsky, asked about Pick, "replied that he was living with the male American in Ezra Road for the purpose of blackmail, and that I would not be admitted."

Gordin denied ever having made such a statement.

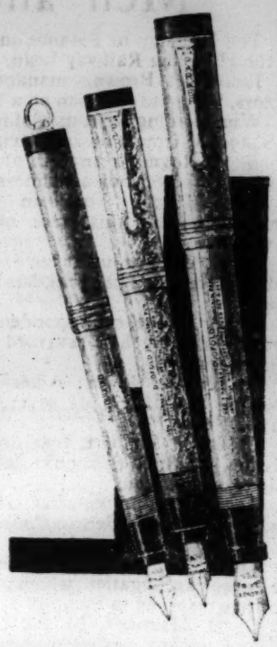
Asked about putting irrelevant material into his statement, he said he knew nothing of the case in general, but he was asked to write everything he knew, in general. A minute later he modified this, and said he was told to say everything he knew about Pick, and about the trip to the Chinese house He was asked about Levitsky also. It was when asked where Pick lived that he made this statement about his living with this American, but he did not mean to say that they were indulging in anything for the purpose of blackmail. He had said nothing about blackmail.

Polics "Translation" Different

Examination of this section revealed that the document which had been put in by the police, and treated as an English translation of Gordin's written statement them in Russian, was

(*Continued on page 363*)

Holds 24% More Ink



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Men and Events

The Ministry of Finance on July 15 paid the June coupons on the Hukuang Railway Loan.

James M. Brown, manager in Shanghai for General Motors, has gone to Japan on a business trip.

Wm. Golding of Wm. Golding and Company, has returned to Shanghai from a business trip to North China.

J. E. Rovno, manager of Amos Bird and Company, departed this week on a business trip to the United States.

John Muccio, American consul at Hongkong, passed through Shanghai this week on his way to Washington on leave.

W. P. Willson, manager of Arkell and Douglas, importers and exporters of Shanghai, has returned from a trip to North China.

Victor Keene, correspondent in China for the New York Herald-Tribune, has returned to Shanghai from a trip to South China.

Dr. N. L. Downs, American dentist of Shanghai has returned from a trip of several months to Australia and the United States.

Dr. L. C. Hylbert, treasurer of the American Baptist Mission, South, in Shanghai, accompanied by his daughter, has gone to Mokanshan.

A. J. Martin, registrar of the British Court at Shanghai has been appointed British Consul at Foochow and will take up his new post on August 1.

Lieut. C. C. Brown, Chinese language student attached to the American Legation who has been in Shanghai for some-time has returned to Peiping.

O. D. Martinez of the Operating Department of the Dollar Company has returned to Shanghai from a business trip to Manila and Hongkong.

Bruno Schwartz, manager in the Far East for Claude Neon Lights, Inc., accompanied by Mrs. Schwartz, have departed for Manila on a business trip.

W. S. Leonard, manufacturers' representative of Shanghai has returned from a months trip to Harbin, Mukden, Peiping, Tientsin and other points in North China.

H. F. Misselwitz, correspondent for the *New York Times*, stationed in Shanghai, returned this week from Manila where he covered the inauguration of Governor-General Davis.

Dr. Sao-ke Alfred Sze, former Chinese Minister to Washington and recently appointed Minister to Great Britain, returned to Shanghai this week from a trip to Peiping and Tientsin.

General Wm Crozier, U. S. Army, retired, accompanied by Mrs. Crozier, arrived in Shanghai this week from Manila and are planning to spend several weeks here. They are living at the Majestic Hotel.

T. V. Soong, Minister of Finance, who returned from Kwangtung province several days ago, has gone to Nanking for the purpose of making a report on the condition of national and provincial finances in South China.

W. Warren Sigler, agent in Shanghai for the Fette Rug Company of Peiping, has returned to Shanghai from a business trip to the United States. While Mr. Sigler was absent, C. D. Hoggard was in charge of the Shanghai office.

The Presbyterian Board of Foreign Missions in New York has issued a statement to the effect that it has no intention of abandoning any of the Mission property which has been in the troubled areas of China during recent times.

Madame Chiang Kai-shek, wife of the President of the National State Council, has entered a Shanghai hospital, her illness being due to over-exertion in connection with the trip which she took, in company with Gen. Chiang to Peiping early this month.

The Social Research Department, China Foundation for the Promotion of Education and Culture announces the change of its name to Institute of Social Research. The New address of the organizstion is 6 Tung Ho Yen, Nan Chang Chieh, Peiping.

A message by the *Ta Chung* agency from Nanking on July 15 stated that due to economies which have been effected since the reorganization of the Shanghai-Nanking Railway, it will shortly be possible to reduce freight rates to half the former charges.

Dr. T. Z. Koo director of student activities, national committee, Chinese Y. M. C. A., who has been in Great Britain and the United Stases for several months, has written friends that he expects to return to China shortly. Dr. Koo was in Estes Park, Colorado in June.

J. B. Powell editor of *The Review* and correspondent for *The Chicago Tribune*, departed this week for Manchuria where he will cover the Sino-Russian crisis for *The Tribune*. Charles Dailey, correspondent for *The Tribune* in Peiping and North China, has departed for America on leave.

Miss Jean Douglass, daughter of Mr. and Mr. C. W. Douglass of the Presbyterian Mission in Shanghai, was married on June 13 to the Rev. Richard S. Martin, son of Mr. and Mrs. Richard M. Martin of Brooklyn, N. Y. The wedding was held at the Grace Episcopal Church in Manhattan.

Barnet Nover, special correspondent for the Buffalo, N. Y., *News*, and the *North American Newspaper Alliance*, who has been in Shanghai for several weeks has departed for Nanking and North China. Mr. Nover will return to the United States by way of the Trans-Siberian Railway.

Dr. James Woo, the well-known local lawyer, who has been made secretary-general to the Chinese de legation to the League of Nations, and his family left for Geneva by the C. P.O.S. Empress of Asia on Saturday. His practice has been taken over by Mr. Wu Ching-yu and Mr. Tung Shih.

The Yangtsze Valley, for several days has experienced the hottest weather of the present season and in some places the warmest in several years. In both Nanking and Hankow the thermometers registered above 100 degrees and on one day Wednesday, July 17, Shanghai thermometers registered 100.

"An Opinion on the Sa est and Least Expensive Foundation Piling Adapted to Shanghai Conditions" is the subject of a pamphelt by E. J. Muller published by the North China Daily News and Herald, Ltd. The paper is reprinted by permission from the proceedings of the Engineering Society of China.

Rev. W. A. Main, treasurer of the Methodist Episcopal Mission at the Associated Mission Treasurers, 23 Yuen Ming Yuen Road, has left Shanghai with his wife and family for a furlough in the United States. The Mains are the last members of the mission to leave China for furloughs during June and July.

The U. S. S. *Pittsburgh* and several American destroyers which have been stationed at Tsingtao since their departure from Shanghai early this month have gone to Japan and after a brief stay there will return to Chefoo for summer target practice. Admiral Bristol and staff are aboard the *Pittsburgh*.

The launching of a new Chinese gunboat, the *Minchuan* (People's Rights) which was scheduled for Saturday, July 13, has been postponed owing to the inability of Gen. Chiang Kai-shek to come to Shanghai for the launching. The boat is being constructed by the Kiangnan Dock and Engineering Works at Shanghai.

Some 30 Chinese passengers were killed, 50 wounded and 10 are missing due to the explosion of the boiler on a steam launch near Chinkiang on July 15. The launch, the "Bun-new" with 200 passengers aboard was proceeding toward Changchow when the explosion occurred. The accident was due to the over-heating of the boiler.

Lieut. J. E. Machle, who is assisting in the development of the Chinese air-mail and passenger service between Shanghai and Nanking, made the flight from Shanghai to Nanking in one hour and seventeen minutes on Wednesday, July 10, his best previous record being one hour and thirty-two minutes. Lieut. Machle used a Stinson-Detroiter plane and carried six passengers.

Brigadier-General Smedley Butler, who commanded the U. S. Marine forces in China in 1927, has been promoted to the rank of Major-General. According to a report by the *United Press*, President Hoover stated that General Butler, then a Lieut. in the Marine Corps, had been present in Tientsin along with President Hoover at the time of the Chinese Boxer uprising in 1900.

Mark Hanna, formerly motor-car salesman in Shanghai, but now a representative of the Paramount Film Company at Calutta, India, was married on May 25 to Miss Beth Beri, well known Broadway actress and Follies dancer. After appearing in the Follies, Miss Beri went to Paris to appear in the play "Kid Boots," and was on her way back to the United States by way of India when she met Mr. Hanna.

Dr. Tsai Yuan-pei, president of the Control Yuan at Nanking, will be appointed concurrently president of Tsingtao University, according to a report by the *Kuo Min* news agency on July 14, which stated that due to Dr. Tsai's recent visit to Tsingtao it had been decided to appropriate the sum of $540,000 annually for the upkeep of the school, of which sum $180,000 will come from the Shantung provincial treasury and the remainder from the Shantung Railway, Special Municipality of Tsingtao and the Central Treasury.

Gen. Chang Hsueh-liang, head of the Manchurian government and his secretary T. C. Li, are the first Chinese to be admitted as visiting guests at the Peiping Club, maintained in the Legation Quarter by foreigners in Peiping and the chief membership of which is confined to members of the Diplomatic Corps. Chinese have always been barred from admission to the Club either as visitors or members, but when Gen. Chang was in Peiping recently, he and his secretary were taken to the club as visitors by two English residents of the former capital.

Gen. Ho Ying-chin Inspector-General of Military Training, now stationed in Hankow, gave a farewell dinner on the evening of July 14 in honor of the foreign consular officials in Hankow, at which he delivered an address dealing with the necessity of an early revision of the Sino-Foreign treaties pertaining to extraterritoriality. The American Consul responded to the address expressing the hope of the foreign governments for an early successful culmination of the National Revolution and declared that the Powers "were prepared to accelerate the realization of world peace."

The engagement has been announced of Miss Dorothy Yui, eldest daughter of Dr. and Mrs. David Z. T. Yui of the National Committee, Chinese Y. M. C. A. to Col J. L. Huang, son of Mr. and Mrs. T. C. Huang. Col. Huang is general secretary of the Chinese Officers' Moral Endeavor Association of Nanking of which Gen. Chiang Kai-shek is chairman. The engagement was announced at a dinner at the China United Building on the evening of July 15, the guests including Dr. H. H. Kung, Madame Chiang Kai-shek, and S. C. Chu, the Rev. Z. T. Kaung, Y. C. Yang, Dr. Fong F. Sec, and Thomas Leach. Col. Huang is an alumnus of Soochow University.

The Rev. E. W. Luccock, pastor of Community Church Shanghai, together with Mrs. Luccock and their children departed on July 15 for Kuling where they will remain until the last of August. The Rev. J. B. Hipps of Shanghai College will speak at the morning service at Community Church on Sunday, July 21. The speakers during the remainder of the summer will be Dr. W. B. Nance of Soochow University on July 28; Chaplain W. R. Hall of the U. S. Marines on August 4; The Rev. K. T. Chung, August 11; the Rev. J. R. Wiley, Shanghai College on August 18 and Dr. Frank Rawlinson, editor of the *Chinese Recorder* on August 25. The pastoral services at the Church during the summer will be in charge of the Rev. C. L. Boynton of the National Christian Council.

Mr. Fessenden's Trip to Washington

(*Reprinted from The China Truth, Chinese-owned and Edited Magazine Published at Canton*)

By this time, Mr. Stirling Fessenden is probably enjoying his ocean trip to the United States not forgetting the big job he has to perform in Washington. To those who are not familiar with this important personage, may we explain that Mr. Fessenden is the so-called Director-General of the Shanghai Municipal Council, the fortress of foreign die-hards in China. A lawyer by profession, young Sterling found that his home town in Maine was not a lucrative center to set up a practice, and very wisely he took the advice of a friend who asked him to try his fortune in Shanghai. After several years in that city, he was appointed as Chairman of the Shanghai Municipal Council which is controlled by the British who selected him to be the figure head. Later on the die-hards found out that Mr. Fessenden's legal training helped them a great deal to argue successfully for the interest of the Council, and this year the standpattists chose him as legal adviser to that irresponsible organ, with the august title of "Director-General." It seems plain enough that Mr. Fessenden does very little directing work but is mostly directed by the Shanghai die-hards. These people believe that the Director-General is not only a good lawyer but may also be a skilful propagandist for the cause of foreign antagonism against China's best interest. China is now insisting that the Shanghai Provisional Court should be restored to exclusive Chinese control and that the membership in the Shanghai Municipal Council be increased from three to six. Nay, there is a movement for the abolition of the Shanghai Muncipal Council, which act shakes the very foundation of the die-hard artifice in the so-called International Settlement. The worries of these foreigners are added by the sympathetic attitude of the United States government towards the appeal of China for the cancellation of undue privileges of the aliens as mentioned above. So Mr. Fessenden is sent to Washington for the purpose of informing American officials that the Shanghai die-hards do not tolerate the return of the Provisional Court and the restoration of the International Settlement to the original owner. Of course, Mr. Fessenden will also broadcast to the American public that on no account the United States should give up extraterritoriality in China. The director-general does not desire to make known the duties of his mission, but says he is merely on furlough. If he needs a rest in these hot summer days, he should go to Palm Beach or Kuling; nevertheless, according to press reports Mr. Fessenden will spend a "protracted visit in Washington" which is one of the hottest places in America during the summer months. The Federation of Street Unions in Shanghai got wind of Fessenden's real motive in going to the United States and before his departure urged him "to refrain from taking any step to jeopardize" the friendly relations between China and the United States. On our part, we wish Mr. Fessenden every success!

The

China Critic

EXTRATERRITORIALITY ESSAY CONTEST

The China Critic will award a first prize of $400.00 a second prize of $200.00 to the two best essays on any phase of the subject:

"THE ABOLITION OF EXTRA-TERRITORIALITY IN CHINA"

1. The contest is open to all nationalities.
2. All essays must be written in the English language and the MSS typewritten only on one side of the paper, double spaced.
3. All essays must be sent to the Editor of The Critic on or before August 15, 1929. Those bearing a later date as stamped by the Post Office will be returned.
4. The decision as to the merit of the essays will be given by a Committee to be formed at the invitation of the Critic and shall be final.
5. The emphasis will be laid by the judges on the content rather than on the form of the essays.
6. The length of each essay shall not exceed 5000 words.
7. The award will be announced at the end of August in The Critic when the best essays will be selected for publication.
8. All essays must be appended with a bibliography which may be of any length.
9. All essays published in The Critic which receive no award shall be paid for at a rate for which MSS for The Critic are usually paid.

THE CHINA CRITIC PUBLISHING CO.

95 Carter Road, Shanghai

From the Chinese Press

News items pertaining to Chinese politics and general affairs appearing under this heading, are taken chiefly from the daily reports of the Kuo Wen (independent) Kuo Min (Nanking official), Ta Chung (Kuominchun) and from translations of articles and dispatches appearing in the local Chinese press.

Tuesday, July 9.—Chang Hsueh-liang confered with Chiang Kai-shek in Peiping yesterday on the political administration of the Manchurian provinces.—Preparatory to Government control of shipping, harbor and port matters, navigation control bureaus will be established in important coastal and river ports of the country.—The 5th Route Army under Tang Seng-chi, concentrated at Loyang, is launching a campaign against the bandits in western Honan.—Shen Hung-lieh, Commander of the North-eastern Squadron, is to be appointed Political Vice-Minister of Navy.—The Ministry of Judicial Administration is preparing for the building of a model prison at Chinkiang.—Four Hunan units, which have been participating in the campaign against Kwangsi rebels are returning to their garrison posts in southern Hunan.—Pro-Kwangsi rebels under Hsu Ching-tang are fleeing toward southern Hunan.—With Feng Yu-hsiang's consent secured, Yen Hsi-shan has definitely decided to postpone his trip abroad.—Members of the Honan Provincial Government were formally inducted into office yesterday.—Under instructions from the State Council, the Kwangtung Government has issued a circular order for the arrest of 45 former officials of the Kwangtung and Kwangsi governments who were implicated in the Kwangsi rebellion.—A second National Financial Reorganization Conference is shortly to be convened under the auspices of Ministry of Finance.—A contract for railway materials has been concluded between the administration authorities of the Lunghai Railway and the Shanghai-Nanking line.

Wednesday, July 10.—H. H. Kung and Chao Tai-wen have arrived in Peiping from Taiyuan and have reported to Chiang Kai-shek on their discussions with Feng Yu-hsiang.—C. T. Wang has arrived in Peiping from Nanking.—Repairs on the Loho bridge have been started by the Lunghai Railway authorities.—$200,000 is being remitted by the Mininstry of Finance to the Hunan Government as maintenance expenses for the Hunan provincial forces.—Chiang Kai-shek has issued an appeal to the youths of North China for faith in and support of the National Government.—Chang Ching-hui has been instructed by the Northeastern Political Affairs Committee to prepare for the taking over of the control of the telephone and telegraph wires from the Railway.—The memorial service in commemoration of the 3rd anniversary of the launching of the Northern Punitive Expedition was held yesterday at the Central Party Headquarters.—A detachment of Honan forces under Liu Chun-yung is proceeding to Loyang for operations against bandits in western Honan.—The capital of Kuangsi has been moved back to Nanning again.—The Anti-Japanese Society of Hankow has changed its name to the People's Association for the Salvation of the Country.

Thursday, July 11.—Li Fong, Commissioner of Foreign Affairs for Hupeh, requests that the Bureau of Foreign Affairs for Hupeh be the first to be abolished.—A program for the rebuilding of the Capital has been formulated by the National Capital Reconstruction Planning Committee and submitted to the Municipal Government for approval.—Kao Lu, Chinese Minister to France, has been appointed as the National Government's plenipotentiary for the signing of the newly concluded Sino-Greek Treaty of Amity and Commerce.—A Provincial Anti-Communist Army is to be organized by Yang Shu-chwang, Chairman of the Fukien Government.—Chiang Kai-shek has left Peiping for Nanking.—Pro-Kwangsi rebels under Hsu Ching-tang are reported to have surrendered to the Kwangtung forces.—All notes issued by the former Central Bank in Canton are to be redeemed at par value by new notes shortly to be issued by the Canton Branch of the Central Bank.—Chinese residents in Formosa have petitioned the Ministry of Foreign Affairs to open a Chinese consulate in the island.—The Ministry of Finance has ordered strict vigilance in the Customs for the detection of smuggled foreign gambling paraphernalia.—The Mayor of Nanchang has made a donation of $600 to the newly formed Kiangsi Auxiliary of the Chinese Mission to Lepers.—Han Fu-chu has resiged as Chairman of the Honan Government and as Commander of the 3rd Route Army.—The monthly military expenditure of the Government is reported by Tan Yen-kai, chairman of the Finance Committee, to be $6,000,000.—A sudden flood has caused considerable damage to lives and property in south of Wuhu.—The Chinese National Associated Chambers of Commerce has wired the International Chambers of Commerce at the Hague protesting against extrality.

Friday, July 12.—The administrations of the Kirin-Haichow, Peiping-Liaoning and Shenyang-Haichow Railways propose to devise measures for uniform freight rates on the three lines.—Char Wai-yuan, or Nick Char, has been arrested as a criminal convicted and sentenced for assaulting and wounding a man named Sui Shao-shien.—A national athletic meet will be held in Hangchow October 1.—The drafting committee of the Legislative Yuan is drawing up a military criminal code to be made applicable to all persons in military and naval service.—Ho Chien has returned to Changsha from Hengchow.—Yang Shu-chwang, chairman of the Fukien Government, has arrived in Amoy to preside at the military conference on bandit suppression measures for Fukien.—C. T. Wang will visit Tsinan and Tsingtao before returning to Nanking.—Yen Hsi-shan has arrived in Taiyuan from Peiping.—The advance force of the 5th Route Army has arrived at Loyang from Chengchow.—The Shanghai Chinese Ratepayers Association has petitioned the Ministry of Foreign Affairs to make the abolition of the unequal treaties arbitrarily effective from Jan. 1, 1930.—Conditions for the rendition of the Belgian Concession at Tientsin have been presented to Baron Guillaume, Counsellor to the Belgian Legation, for submission to his government.

Saturday, July 13.—C. T. Wang has lodged a protest with the Japanese Minister against the tearing up of a railway track belonging to the Peiping-Liaoning Railway by the Japanese.—Normal passenger service along the Lunghai Railway between Chengchow and Loyang has been resumed.—Any student of Chiaotung University at Shanghai and Tangshan Engineering College who has been graduated with honors is to be given a government scholarship to study engineering and railway administration abroad.—All Likin offices in Kiangsi have been abolished and a number of special consumption tax offices are to be opened.—The newly organized brigade under Liang Chao-chi has been instructed to take over the garrison posts vacated by Hunan troops at Kweilin and Luping.—A surveying committee is being established to facilitate the surveying of the country boundary.—The Central Party Headquarters is sending special deputies to Changsha to investigate the state of Party affairs there.—The system of trial by jury is to be adopted in cases involving counter-revolution.—A national land reclamation conference is to be held the latter part of this month in the Capital under the auspices of the Ministry of Agriculture.—The road connecting Hangchow with Mokansan is now open to traffic.—Chinese merchants have petitioned the Ministry of Finance for the abolition of the special consumption tax on cosmetics.—A series of conferences on afforestation, fishery and land reclamation are to be held in the near future.—The "Hankow" aeroplane has arrived in Sianyang in safety.

Sunday and Monday, July 14 and 15.—A tiffin was given by the Publicity Department of the Central Kuomintang for the visiting American journalists—Hsiang Han-ping is returning to Kwangtung to assist in the bandit suppression campaign there.—Plans for the extermination of bandits in Kwangtung have been cpmpleted by Chen Chi-tang, special representative of the Provincial Party Headquarters in Peiping, Chen Kuo-fu has gone to Tientsin.—Shang Chen, Chairman of the Hopei Government, has given instructions that all warlike preparations in military units under his command should cease.—Ho Chien is sending a delegate to the Capital to report on the recent Hunan expedition into Kwangsi.—Tsai Yuan-pei, president of the Control Yuan is to be appointed president of the Government Tsingtao University.—A conference of military officers above the rank of Brigadier-Commander, under Yen Hsi-shan, was held today and measures for the reorganization and disbandment of divisions of the 3rd Group army were decided upon.—Liu Chen-hua has requested to be relieved of the posts to which he was appointed when preparations for a punitive expedition against Feng Yu-hsiang were being made.—Chen Cheh, Commander of the Canton Naval Squadron, is toleave for the Capital to attend the Naval Reorganization and Disbandment Conference.—Fong Peng-jen has returned to Hankow from Peiping where he consulted Chiang Kai-shek and Ho Chen-chun relative to the administration of Hupeh.—Ho Ying-ching, Inspector General of Military Training, will leave Hankow for Nanking tomorrow.—A set of regulatious governing the holding of civil service examinations has been approved by the Legislative Yuan.—Normal passenger service on the Chinese Eastern Railway is being maintained.—The Ministry of Railways has completed a scheme of railway administration throughout the country.—Of the $3,000,000 promised by Chiang Kai-shek to the Kuominchun, $500,000 have been remitted to the army through the Shansi Provincial Bank.—A Soviet Government is reported to have come into existence in Huansha, on the Hupeh-Kiangsi border.

Japanese News Reports on Chinese Situation

The following news reports are summaries of news messages dealing with the Chinese political situation and Japanese activities in China which are distributed to the Chinese and foreign press in China by the Japanese semi-official Toho News Service.

Peiping, July 11.—It is still believed that the departure of Yen Hsi-shan for abroad has merely been postponed for three months until after the reorganization of the 2nd and 3rd army corps is completed.

Peiping, July 11.—It is reported that the new cabinet intends to give the position of Governor of the South Manchurian Railway to Teijo Yeguchi, ex-director of the Mitsubishi Co.

Peiping, July 11.—C. T. Wang and his party are to leave Peiping for Nanking July 11.

Tientsin, July 12.—Chang Hsueh-liang has reached Tientsin on his way to Mukden.

Peiping, July 13.—C. T. Wang has left here for Nanking.

Tokyo, July 14.—Japan's trade with China has shown a marked increase during the past eleven days.

Nanking, July 14.—Chiang Kai-shek has returned here from his visit to North China.

Taiyuan, July 15.—An agreement is said to have been reached between Feng Yu-hsiang and Yen Hsi-shen regarding the reorganization of Feng's troops and the postponment of the departure of the two men for abroad.

Tokyo, July 16.—The Foreign Office authorities yesterday conferred on the situation between Russia and China.

Tokyo, July 16.—Strained relations between Soviet Russia and China have interfered with international train service between the Far East and Europe.

Tokyo, July 16.—The main issue at today's cabinet meeting was the situation on the Chinese Eastern Railway.

Nanking, July 16.—It is understood that as soon as C. T. Wang returns here a note will be despatched to the Soviet Government expressing the desire of the National Government to negotiate all questions concerning the Chinese Eastern Railway.

NEW ALIGNMENT IN PICK CASE IN SHANGHAI PROVISINAL COURT

(*Continued from page 359*)

quite different, and included may damaging statements not made in the original.

A demand was made as to who translated this document. Inspector Robertson was called upon to explain, and said the English statement given in was not a translation of the Russian at all (though it had been treated as such by both the Court and attorneys in the case), but was taken down from Gordon's verbal statements to the police.

"Was it because the Russian text was not satisfactory to the Police Department that a verbal statement was taken ?" asked Schuhl. "Why was this statement handed in and treated as translation from the Russian ?"

The Court ordered a translation made of the original written statement.

Pick at this point asked for permission to make a statement. This being granted by the Court, he said he had to speak about Robertson, Ovsiannikov, Gordin, Bryan and Fischer. He spoke of an agreement between Bryan and Fischer in the Garcia case, which the Court stated was irrelevant here. He then asked for permission to testify in the case, but the Court refused this.

The case was adjourned until July 22.

When You Think of PAINT THINK OF CAMPBELL

H. B. Campbell

46 Szechuen Road,
Shanghai.

In the United States Court for China

LUBA LATHAM Plaintiff, vs WALTER W. LATHAM Defendant.	Cause No. 3194 Civil No. 1391 ORDER Filed at Shanghai, China July 3rd, 1929. L. T. KENAKE Assistant Clerk.

ORDER

The object of this action is a suit for divorce.

WHEREAS, Plaintiff herein, by her attorney, on the 3rd day of July 1929, made application for the substitution of publication for personal service of summons upon defendant herein: and

WHEREAS, it appears from the files in this case that on the 3rd day of July 1929, the summons for defendant was returned by the Marshal of the United States Court for China "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files of this case that on the 3rd day of July 1929, LUBA LATHAM the plaintiff herein, filed an affidavit to the effect that the defendant is not a resident within the jurisdiction, and has not been for more than three years last past.

NOW, THEREFORE, it is this 3rd day of July 1929, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 20th day of July 1929, the day of last publication of this Order otherwise the case will be proceeded with as in cause of default.

BY THE COURT:

Dated: Shanghai, China.
July 3, 1929.

MILTON D. PURDY
JUDGE

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity		Sale Price July 18	Approx. Yield to Maturity %
he National City Bank of New York		New Stock		408	——
Argentine Government	6	Oct. 1,	1960	99¼	6.05
Australia	4½	May 1,	1956	87	5.42
U. S. of Brazil	6½	Oct. 15,	1957	91½	7.20
Kingdom of Belgium	7	Nov. 1,	1956	106½	6.49
City of Budapest	6	June 1,	1962	79	7.77
Canadian Pacific Railway	4	Perpetual Stk.		81¾	4.89
Chgo., Milw., St. Paul & Pacific Rwy.	5	Jan. 1,	2000	76	6.10
Chicago Rapid Transit Co.	6	July 1,	1953	87	7.14
Chile Copper Co. Debs.	5	Jan. 1,	1947	94½	5.49
Chile Government (Railway)	6	Feb. 1,	1961	93¼	6.50
Cuba Northern Railway	5½	June 1,	1942	81	7.86
Republic of Costa Rica	7½	Sep. 1,	1949	100	7.50
Chile Government	6	Sep. 1,	1961	93	6.52
Cuban Dominican Sugar	7½	Nov. 1,	1944	62½	——
Kingdom of Denmark	6	Jan. 1,	1942	103⅜	5.62
Dutch East Indies	5½	Nov. 1,	1955	103	5.29
Republic of Finland	5	Feb. 1,	1958	87	6.51
French Government	7	Dec. 1,	1949	100¼	6.12
German Government	7	Oct. 15,	1949	106½	6.42
German Central Bank for Agriculture	6	Oct. 15,	1960	85	7.22
German Central Bank for Agriculture	6	Apr. 15,	1938	87½	7.97
German General Electric Co.	6	May 1,	1948	91¼	6.83
Greek Government	6	Feb. 1,	1968	84¾	7.17
Ilseder Steel Corporation	6	Aug. 1,	1948	84	7.61
Kingdom of Italy	7	Dec. 1,	1951	95¾	7.39
Japanese Government	6½	Feb. 1,	1954	100¼	6.48
State of Minas Geraes (Brazil)	6½	Mar. 1,	1958	90	7.34
Mortgage Bank of Chile	6	Apr. 30,	1961	91½	6.64
Norwegian Hydro-Elec. Nitro. Corp.	5½	Nov. 1,	1957	89¼	6.32
Kingdom of Norway	6	Oct. 15,	1952	102	5.84
Northern Ohio Power & Light Co.	6½	Jan. 1,	1941	97½	6.82
Republic of Peru	6	Dec. 1,	1960	85	7.21
Paris, Lyons & Med Rwy.	6	Aug. 15,	1958	100	6.00
Republic of Panama	5	May 15,	1963	92½	5.49
State of Rio Grande Do Sul (Brazil)	6	June 1,	1968	86	7.06
Rhine Westphalia Elec. Power Corp.	6	Aug. 1,	1953	92½	6.63
Saxon State Mortgage Inst	6½	Dec. 1,	1946	91¼	7.40
Saxon Public Works, Inc.	6½	May 1,	1951	91½	7.28
Tokyo Electric Light Co.	6	Jun. 15,	1953	89½	6.90
United Kingdom of Gr. Britain	5½	Feb. 1,	1937	102⅜	5.10
City of Vienna	6	Nov. 1,	1952	88	7.05
Abitibi Power & Paper Co.	6	Cum. Pfd. Stock.		83	7.23
Belgian Nat'l. Rwy. Pcptg. Pfd. Stock	6	(American Shrs)		82½	7.27
Cannon Mills Co. (Dividend $2.80 p. a.)		Common Stock		35½	——
General Mills, Inc.	6	Cum. Pfd. Stock.		95	6.32
General Mills, Inc. (Div. $3.00 per annum.)		Common Stock		71½	——
Hershey Chocolate Corp. Convertible	4	Pfd. Stock		102¼	3.89
Mohawk Carpet Mills, Inc. (Div $2.50 p.a.)		Common Stock		70	——
Pennsylvaina-Dixie Cement Corp	7	Cum. Pfd. Stock.		54⅞	——
Willys Overland Co.	7	Cum. Pfd. Stock		95	7.37
General Motors Corp. (New)		Common Stock		70¾	——
Andes Copper Mining Co.		Common Stock		49½	——
United States Steel Corp.		Common Stock		202⅜	——
Standard Oil Co. of New Jersey		Common Stock		57⅛	——
Standard Oil Co. of New York		Common Stock		38⅛	——
Pennsylvania Railroad Company		Common Stock		97	——
United Aircraft & Transport Corp. (p. v. $50)	6	Pfd. Stock		89	3.37
United Aircraft & Transport Corp.		Common Stock		134¼	——

NOTE: The above quotations are received by Cable, and while believed to be correct, are not guaranteed.

Shanghai Exchange for Week Ending Wednesday, 17th, July 1929

Silver:—The price of Bar Silver at the commencement of this week was 24½d. for spot and 24 5/16d. forward, and with small fluctuation closes to-day at 23 15/16d. and 24⅛d. respectively. Purchases are being made for the Canton Mint from here and it is not expected that our stocks will be increased at present, supplies "to arrive" from San Francisco probably being destined for Hongkong/Canton.

Exchange:—The official rate for T/T on London was raised on the 15th inst from 2/4d. to 2/4⅛d. where it now remains.

We have had a firm and rising market until yesterday. At the opening T/T on London was quoted at 24 7/16d. and New York 57⅜. A firmer tendency prevailed on Saturday, the 13th inst. and a fair amount of export paper was fixed. On Monday came disquieting news of serious complications in connection with the Chinese Eastern Railway, and something in the nature of an ultimatum to China from the Soviet Government. This caused a further rise to 2/4 11/16d. and 58⅜d. for T/T on London and New York respectively, but yesterday the market eased, and this morning presents no new feature.

We quote the following closing prices:—T/T on London 2/4 11/16d., on New York 58, and Yen 79.

Our stocks of silver are reported as follows:—

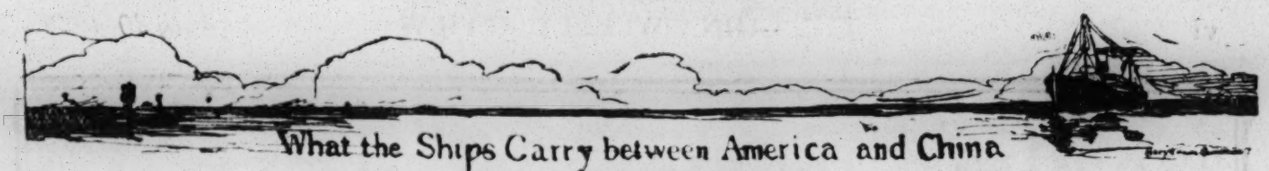
Sycee and Bar Silver .. .. .. Tls. 89,495,000 a increase of Tls. 217,000
Chinese and Mexican Dollars .. 126,570,000 a decrease of $ 1600,000

Estimated value Tls. 189,697,000 as against Tls. 105,493,000 held at this time last year.

	Average rates for July	Thursday July 11	Friday July 12	Saturday July 13	Monday July 15	Tuesday July 16	Wed., July 17
Bank's selling rates		opening closing	opening closing	opening closing	opening closing	opening closing	opening closing
T/T London	2/4.065	2/4	2/4	2/4	2/4 2/4 1	2/4¼	2/4¼
D/Dfts ,,	—	2/4 1/16	2/4 1/16	2/4 1/16	2/4 1/16	2/4 3/16	2/4 1/16
4 m/s ,,	—	2/4¼	2/4¼	2/4¼	2/4 5/16	2/4½	2/4½
T/T India	156.837	156¾	156¾	156¾	2/4¼	158½	158½
T/T France	1,450.000	1445	1445	1445	156¾	1460	1460
T/T On N.Y Demand	56.636	56½	56½	56½	158½	57	57
T/T Hamburg R. M.		56⅜	56⅜	56⅜	1445 1460	57⅛	57⅛
T/T H'kong	83.011	237½	237½	237½	56½ 57	239¾	239¾
T/T Japan	77.503	8 3/16	8 3/16	84	56¾ 57	81½	81⅜
T/T Batavia	141.228	80	80⅜	80¼	237½	79⅞	80¼
T/T Straits	99.109	141	141	141	239¼	142	142
Bk's buying rate		99¼	99¼	99¼	84 84	142	142
4 m/s B/L. Cred. D/A	2/5.815	2/5¾	2/5¾	2/5¾	80⅜ 79⅞	98½	98½
4 m/s ,, D/P	—	2/5 7/8	2/5 7/8	2/5 7/8	141 141		
6 m/s ,, B/L Cred D/A	2/6.128	2/6 1/16	2/6 1/16	2/6 1/16	99 98½		
4 m/s B/F Cred D/A or D/P	1,527.826	1525	1525	1525	2/5 7/16 2/6	2/6	2/6
4 m/s N.Y.Lc.	59.652	59½	59½	59½	2/6 1/16	2/6 1/16	2/6 1/16
4 m/s ,, Doc	—	60	60	60	2/6 5/16	2/6 5/16	2/6 5/16
					1525	1540	1560
					1540		
					59½ 60	60	60
					60 60½	60½	60½

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling	July 11	July 12	July 13	July 15	July 16	July 17
Bullion.						
*London Price of Bar Silver per oz. (English Standard 925 touch) Pence	24 5/16	24 3/16	24 1/16	24¼	24 3/16	24 5/16
**New York Price of Bar Silver per oz. (Pure)	G.$ 52⅛	52⅛	G.$ 52⅜	G.$ 52½	G.$ 52⅞	G.$ 52⅜
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch)	Tls. 389.10	Tls. 387.90	Tls. 385.90	Tls. 384.70	Tls. 384.70	Tls. 386.70
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	111.0	111.00	111.0	111.00	111.0	111.00
Shanghai Mexican Dollars per $100	71.75	71.75	71.725	71.725	71.70	71.6875
Native Bank Rate of Interest (Call money)	1%	1½%	2%	2%	1%	1%
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	5½%	London Paris on	T/T 123.90
Bank of France rate of discount	3½%	New York on London	T/T 4.85 1/16
London open Market of Dis. 3 m/s	5 3/16%	Bombay on London	T/T 1/5 29/32
,, 4 ,,	5 1/8%	Hongkong on London	T/T 1/11⅛
,, 6 ,,	5 1/16%	Kobe on London	T/T 1/10⅝



What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces, Mille—thousands; Hk. Tls.—Haikwan Tls.; July Customs Rate Tls. 1.45 equal Gold $1

AFRICA MARU, May 25.
To U. S. of America.

Egg Albumen, Dried...	Pls.	38

EUMAEUS, May 27.
From U. S. of America.

Tinned Plates, Plain....	Pls.	4,664
Steel Bar Ends.....	,,	1,691

CITY OF VICTORIA, May 28.
From U. S. of America.

Timber, Softwood:		
Ordinary, Sawn ..	Sup.ft.	4,318,009
Merchantable.....	,,	348,997
Laths.....	Pcs	1,285,750

TACOMA, May 29.
From U. S. of America.

Flour, Wheat	Pls.	9
Timber, Softwood:		
Round Logs.....	Sup.ft.	495,235
Ordinary, Sawn.....	,,	519,765
Merchantable	,,	543,123

BELFAST MARU, May 29.
From U. S. of America.

Steel Bars.....	Pls.	489
Steel Galvanized:		
Wire Shorts	,,	165
Tinned Plates, Plain....	,,	741
Cotton, Raw....Bls.	150 ,,	525
Turpentine, Mineral....	Galls.	417

ILLINOIS, May 30.
From U. S. of America.

Flour, Wheat.....	Pls.	37
Paper, Kraft.....	,,	749
Paper, Common Printing	,,	3,074
Paper, Writing.....	,,	674
Timber, Softwood:		
Ordinary, Sawn....Sup ft		338,163
Clear.....	,,	39,897
Unclased.....	,,	2,621

TENYO MARU, May 31.
From U. S. of America.

Cotton, Raw,		
American...Bls.	52.. Pls.	86
Sugar, White	,,	816
Cigarettes	Mille	1,540
Motor-trucks Chassis ..	Pcs.	2

TAIYO MARU, May 31.
To U. S. of America.

Silk Cocoon Strippings,		
Shanghai.....Bls.	8 ,,	26.07
Bristles, Assorted.....	,,	50
Egg Albumen, Dried ..	,,	254
Egg Yolk, Dried.....	,,	336
Feathers, Duck	,,	63
Oil, Tea.....	,,	905
Tallow, Vegetable	,,	547
Wool, Sheep's	,,	181
Skins, Weasel, Untanned	Pcs.	11,000

PRESIDENT LINCOLN, May 31.
From U. S. of America.

Lead, Pig	Pls.	1,683
Steel, Galvanized: Pipes	,,	77
Ammonia, Sulphate of..	,,	840
Butter	,,	11
Canned Aspauagus	,,	194
Canned Awabi.....	,,	141
Canned Fruits, Table....	,,	42
Leather, Sole	,,	263
Milk, Condensed	,,	45
Milk, Evaporated	,,	586
Oranges, Fresh.....	,,	81
Paints, Unclassed.....	,,	77
Shrimps, Dried.....	,,	84
Sugar, Cube.....	,,	23
Coffee	Lb.	900
Rubber, Packing... ..	,,	1,147
Paints, Unenumerated ..	Galls.	204
Machines, Knitting	Pcs.	7
Machines, Sewing	,,	2
Motor Passenger Vehicles	,,	1
Canned Sardines	Doz.	1,713
Lemons	Mille	205
Motor Passenger Vehicle,		
Parts of, & Accessories	Hk.Tls.	7,171
Treasure:		
Silver Bars.....	,,	1,025,162

PRESIDENT JEFFERSON, May 31.
To U. S. of America.

Silk, Raw, Steam Filature:		
White, Shanghai	Bls. 540	Pls. 534.01
Silk, Raw, Reeled from Do-		
upions, Shanghai	Bls. 195	Pls. 194.33
Silk Waste, Refuse:		
Antung etc. ..	Bls. 78	,, 249.00
Shanghai	Bls, 8	,, 23.96
Silk Pongees, Honan..	Pls.	42.72
Silk Pongees, Shantung	,,	11.80
Silk Piece Goods	,,	3.55
Brassware	,,	72
Egg Yolk, Dried.....	,,	480
Egg Yolk, Frozen	,,	76
Egg Albumen, Dried ...	,,	330
Egg Albumen, Frozen ..	,,	70
Egg Whole Egg, Frozen	,,	120
Bristles.....	,,	84
Wool, Sheep's.....	,,	1,221
Skins, Raccoon, Untanned	Pcs.	3,500
Skins, Badger, Untanned	,,	4,426
Skins, Civet Cat, Untanned	,,	12,000
Skins, Lamb, Untanned	,,	8,000
Skins, Sheep, Untanned	,,	18,451
Skins, Weasel, Untanned	,,	19,550
Skins, Hare and Rabbit,		
Untanned.....	,,	29,000
Skin Mats, Kid, Tanned	,,	1,000

JAPAN ARROW, June 4.
From U. S. of America.

Gasolene, Mineral, in		
bulk	Galls	425,139

Latest New York Stock Exchange Quotations

Swan, Culbertson & Fritz. Tel. 11200 (4 lines) July 16.
Market Irregular Business Done 4,501,920

STOCK	Tuesday June 18	Monday July 15	Tuesday July 16
Alleghany Corporation	35	50	49⅜
Allied Chemical & Dye (Common)	300	333	335¾
American Can	145	164¼	164¼
American Commonwealths Power "A"	23⅞	30	28½
American Smelting	104½	105½	105⅝
American Tobacco "B"	172¼	181½	180½
American Tel. & Tel.	216⅜	249⅛	Unq
Anaconda Copper	111½	111⅜	111
Andes Copper	53⅝	49⅝	49½
Armour & Co. "A"	11	12	11½
Atlantic Refining	71	67⅜	67¼
Baltimore & Ohio	124	133½	133¼
Bank of Montreal	329	355	355
Bethlehem Steel	107⅞	115⅝	115¾
Calumet & Hecla	43½	39⅞	40½
Canadian Pacific Railway	229	249	246¾
Chicago Northwestern	85	95¼	93⅞
Chrysler	76	70	70¾
Columbia Gramaphone	71½	65⅜	64⅞
Consolidated Gas of New York	123¾	145½	150
Corn Products	93¼	105⅝	104⅞
Coty Inc.	63	62¼	62½
Davison Chemical	50	53	54⅜
Dry Docks	16	18	17⅝
Du Pont de Nemours & Co.	174½	186	188
Electric Bond & Share	106	130	132
Erie Railway	79⅝	85	81⅛
Fox Film "A"	87½	92⅜	91
General Electric	305	343	349
General Motors	73⅝	71⅛	70¾
General Railway Signal	116⅝	118½	120¾
Gold Dust	61⅜	68½	68
Goodrich Rubber	81	79¼	79⅛
Goodyear Rubber & Tire Co.	123¾	119⅛	121¾
Granby Consolidated	78⅜	77⅝	84
Gulf Oil	175⅛	193¾	192
Haygart Corporation	60⅛	66	66
International Cement	85½	80	Unq
International Harvester	105	115	117¾
International Match, Pfd.	83¼	90¼	91½
International Nickel (Com)	48½	49⅜	49
International Printers Ink	51½	52	52
International Products (Com.)	10½	9	8⅝
Johns Manville	176	187	190
Kelvinator	15⅞	15½	15⅞
Kennecott Copper	86	Unq	84½
Lehigh Valley	86½	96⅞	97
Liggett & Myers, "B"	83¼	90	89½
Mack Trucks	97¾	97	98
Madison Square Garden	18	18	18
Missouri Pacific (Com)	91⅛	100½	98
Montgomery Ward	106⅞	121½	123¼
National Dairy Products	72	82¼	82⅛
Nevada Consolidated Copper	47⅛	43⅛	43⅛
New York Central	198½	237	235¾
North American Aviation	17½	16⅛	16
Northern Pacific Railway	105¼	114⅞	Unq
Packard Motor Car (Com)	132½	130½	131
Paramount Famous Lasky		66	68⅝
Pennroad Corporation	17¾	22⅞	24¼
Pennsylvania Railroad	79¼	97¼	97
Phillips Petroleum	38½	36⅛	36⅜
Postum	73½	Unq	74¾
Radio Corporation of America (Com)	85⅝	79½	77⅛
Reading Railway	111	124	125
Reynolds Tobacco, "B"	53½	56⅛	55¼
Rock Island Railway	126⅛	139⅛	141⅛
Shell Union	28	26½	26¾
Simmons Copmany	89	114½	26⅝
Southern Pacific Railway	131	143	117
Standard Gas & Electric (Common)	119½	133	146¼
Standard Oil of New Jersey	58	56¾	136½
Standard Oil of New York	39½	38⅝	57⅞
Texas Corporation	62	61¼	38⅝
Texas Gulf Sulphur	73½	71⅝	62
Timken Roller Bearing	91⅞	106⅜	73½
Union Carbide & Carbon	94⅞	124	105¾
Union Pacific Railrway	226½	269	123¾
U. S. Industrial Alcohol	182	187	
U. S. Leather "A"	43	Unq	Unq
United States Realty & Improvement	86⅞	87¾	88
United States Steel	177¼	198½	202⅜
Vacuum Oil	115½	119⅝	120¼
Vanadium	83¾	93½	93½
Warner-Quinlan (Com)	32	31⅝	32¾
Westinghouse E. & M. (Com)	171	193	197½
Willys Overland	23	25¼	24¾
Wright Aeronautical	123¾	134	137⅞
AMERICAN WATERWORKS	—	—	134⅞
& ELECTRIC LAMBERT CO.	—	—	149¼
CALL MONEY	7%	12%	12%

Swan Culbertson & Fritz

Investment Securities—Local & Foreign

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Sassoon House Telephones 11200 (4 lines)

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, well commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow known as the *"Garden City of the Orient"*, Wusih, the pictureque city on Lake Tai-hu, Chinkiang, the *"Gate of the Yangtze River"*, and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with its picturesque surroundings that it has been well called the *"Switzerland of China"*. Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai at Shanghai North Station.

Chinese Government Railways

Peiping-Hankow Line

"The Road Through the Heart of China"

Time Table

In effect Feb. 20, 1929

From Peiping to Hankow

Station / Train	Peiping	Shih-k'a-chuan	Cheng-chow	Hsiao-kan hsien	Han-kow
* No. 1	d.18.00	a. 2.16 d. 2.56	a.17.15 d.17.35	d.11.49	a.14.20
* No. 11	d. 9.55	a.19.27 d.20.07	a.13.26 d.13.46	a.12.18 d.12.23	a.16.05
* No. 3			d.13.15	a. 7.18 d. 7.21	a. 9.50
No. 9	d. 9.40	a.18.21 d.19.01	a 10.50		
No. 23	d. 5.40	a 21.44			
No. 25		d. 3.45	a. 5.05		
No. 27			d.10.06	a.20.07 d.20.37	a. 2.33
No. 75				d.13.00	a.17.05

From Hankow to Peiping

Station / Train	Han-kow	Hsiao-kan-hsien	Cheng-chow	Shih-kia-chuan	Pei-ping
* No. 2	d.18.00	d.20.39	a.14.28 d.14.48	a. 5.05 d. 5.45	a.13.50
* No. 12	d.10.50	a.14.51 d.14.56	a.13.13 d.13.33	a. 7.32 d. 8.12	a.17.30
* No. 4	d.13.30	a.16.01 d.16.03	a.10.05		
No. 10			d.17.41	a. 9.33 d.10.13	a.18.35
No. 28	d. 1.00	a. 7.00 d. 7.20	a.17.34		
No. 26			d.22.34	a. 2.15	
No. 24				d. 7.40	a 20.06
No. 74	d. 7.45	a.11.39			

REMARKS: *With First, Second and Third Class Dining Cars.

Telegraphic Address "KINCO" Code A. B. C. 5th Edition. For further information, address Hankow Line, Managing Director, Peiping-Hankow.

Lung-Hai and Pien-Lo Lines

In Operation: From Tapu (Haichow) to Lingpao: 825 Kilometers

In Construction: From Lingpao to Sianfu: 225 Kilometers

"The Great Overland Route in China"

This Line will soon become the most important Railway in China, connecting as it will, the remote provinces of Kansu, Shensi and Honan with the sea and passing through the ancient and famous capitals of Lanchow, Sian, Loyang and Kaifeng.

There are many points of historical interest to visit along the line, the best known being Lung-Men with its gigantic display of carved stone Buddhas, dating back from the introduction of Buddhism into China, some 2000 years ago.

The Lunghai and Pienlo Lines are connected at Hsuchow with the Tientsin-Pukow Railway and at Chengchow with the Peking-Hankow Railway.

An "Express" train runs thrice a week between Hsuchow and Chengchow leaving Hsuchow Monday, Wednesday and Friday, and leaving Chengchow Tuesday, Thursday and Saturday. This train is provided with 1st and 2nd class cars, sleeping and dining accommodations.

For further particulars, intending passengers are requested to apply to the Shanghai Office, Lunghai Railway Administration, at the Chung-Foo Bank Building, 25 Jinkee Road, Shanghai

中華郵政特准掛號認爲新聞紙類

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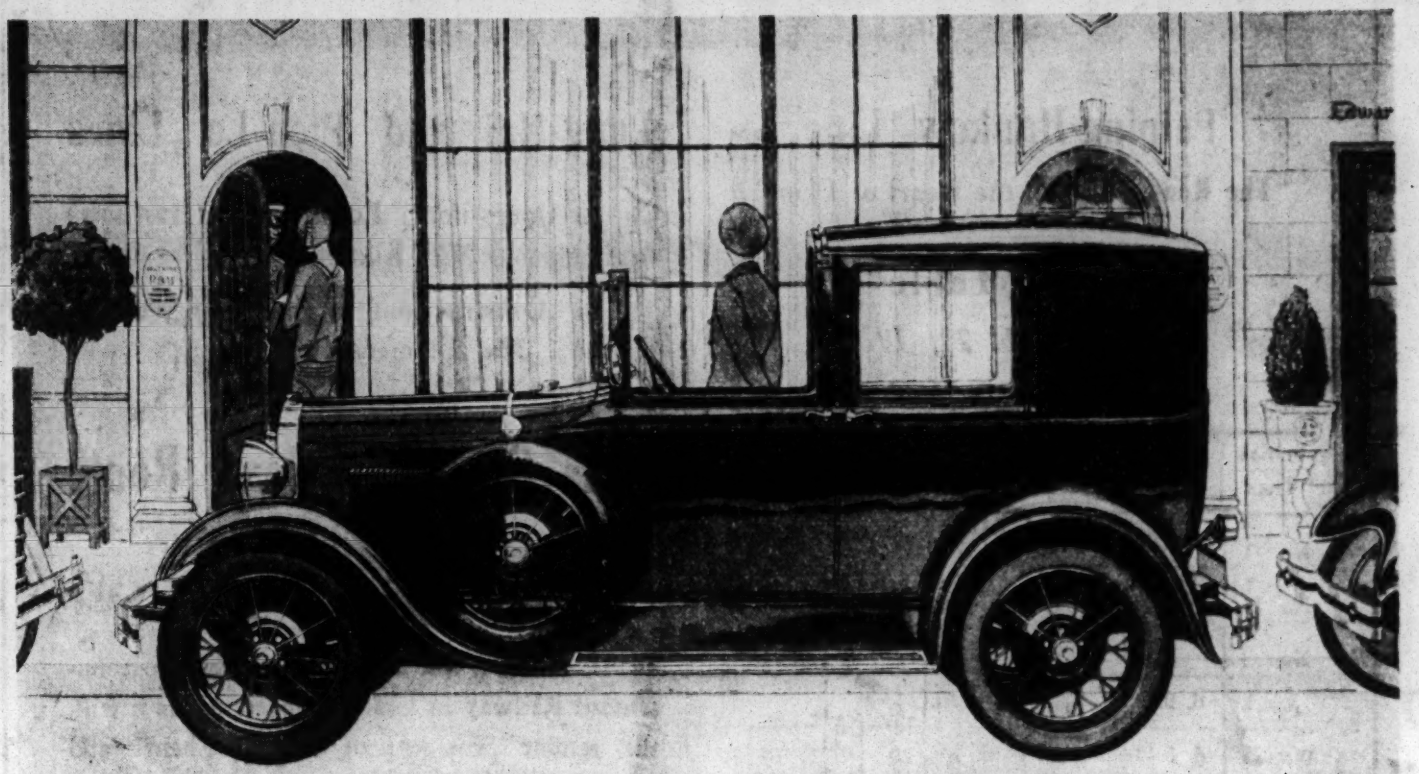
New Ford Town Car



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For men and women who are quick to appreciate personal conveyance of such intimate size, delightful convenience and unquestioned taste, the Town Car is the most luxurious car.

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SHANGHAI